



**NORTHERN**  
Regional College

**Annual Report  
and Accounts  
2017/18**

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## Northern Regional College Annual Report and Accounts

For the year ended 31 July 2018

**The Accounting Officer authorised these  
financial statements for issue on**

**14 November 2018**

**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**

**10 December 2018**

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In 2017 Northern Regional College marked its 10th anniversary and in that decade significant and impressive progress has been made to amalgamate what had been, at one time, seven educational institutes into one college.

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## Foreword

The last 12 months at Northern Regional College have seen the successful implementation of our Strategic Improvement Plan, along with achieving major milestones in our transformational journey.

Following guidance from our sponsoring Department during the year, each Further Education college brought forward individual College Development Plans (CDP) from May 2018. The most significant change the new CDP brings is a direct link to the Draft Programme for Government and Industrial Strategy, utilising an Outcomes Based Accountability (OBA) approach for reporting all our activities.

Impact will now be measured along with metrics such as expenditure and numbers completing programmes. While it is still early days in the adoption of this new sector-wide way of working, I am confident that this approach will allow us to evaluate progress and success more thoroughly, and enable us to make informed, longer-term decisions supporting outstanding provision for our students.

In 2017 Northern Regional College marked its 10th anniversary and in that decade significant and impressive progress has been made to amalgamate what had been, at one time, seven educational institutes into one college. While change has prevailed throughout this period, the one constant driving all our activities is providing educational opportunities for everyone, regardless of their background or capability.

Ensuring our provision is of the highest standard is paramount and during the last year we were delighted to have the quality of our teaching and learning endorsed by three external reviews.

In May 2018, our Higher Education provision was reviewed by the QAA, who confirmed:

“There can be confidence that academic standards are reliable, meet UK requirements, and are reasonably comparable with standards set and achieved in other providers in the UK”.

The Education & Training Inspectorate visited the College in June 2018 and confirmed:

“The quality of the education and training provided by the Northern Regional College is now ‘good’. The College demonstrates that it has the capacity to identify and bring about improvement”.

A review of our Higher Level Apprenticeship (HLA) by the Department for the Economy reported:

“The commitment of the College’s Senior Leadership to the development of a HLA provision which meets the needs of employers and stakeholders across a wide geographical area and wide range of stakeholders’ requirements is commendable”.

For these notable achievements I extend my thanks to the Principal and Senior Leadership Team, along with staff and my fellow governors who have contributed to the positive outcomes.



**Hugh Crossey**  
Temporary Chair of the Governing Body



## Overview

The 2017/18 academic year marked a significant point in the College's strategic journey as we progressed to the next stage of our organisational transformation.

Following the successful delivery of the Strategic Improvement Plan, we are now preparing for the next critical phase in our journey of transitioning from six to four campuses. During the year we have invested in building relationships with the four councils in our catchment area, local employers, and other key stakeholders including education and training providers.

### Future foundations

Integral to our future plans is development of an estate that matches our aspirations, and ensures our physical infrastructure is fit for purpose as we move towards the second decade of this century. During 2017/18 the design contract for this £84 million capital investment project to deliver the new campuses in Coleraine and Ballymena was awarded to McAdam Design. Both projects are scheduled to be completed by 2021/22.

In December 2017, the College hosted an inaugural Digital Showcase which highlighted progress in implementing digital learning within vocational education. Attracting guests from across the sector and other industries, speakers from JISC and the Open University shared best practice and outlined development opportunities in this fast-moving discipline.

Ensuring our day-to-day systems and processes are fit for purpose now and in future is also vital. Over the last year we have invested significant resources in reviewing and improving a number of business-critical functions to make them more efficient, developed on cloud-hosted digital platforms where possible. This work has included standardising our admissions process and introducing online payment facilities. We are also collaborating with FE sector colleagues on the implementation of a new Learner Management System (LMS) which will greatly enhance all college IT systems by 2019/20.

### Partnerships

We were delighted to secure new international partnerships in South Africa with Sekhukhune and Taletso TVET colleges, while consolidating existing relationships with Vuselela and Northlink, made possible through a successful British Council award. During the year we hosted two visits from South African colleagues, and four members of our staff and one student travelled there.

Closer to home we have made significant progress to strengthen our training provision. In hospitality and tourism, we developed a bespoke apprenticeship with Galgorm Resort & Spa. Two new programmes, Professional Cookery and Food & Beverage Service, now offer fast track employment and a rewarding career in this burgeoning industry.

In the wider communities around our campuses, we value partnership working and continue to develop and maintain relationships for the benefit of all. Therefore it was to the credit of our own College team and our partners in the community, charity and voluntary sectors to see the Empower Project, which provides support for children with Autism, Dyslexia and Dyspraxia in the Magherafelt and Antrim areas, shortlisted for a Business in the Community award for 'Building Stronger Communities'.

### Celebrating success

Graduation is always a highlight in the academic calendar, and in 2017 we introduced the College's Honorary Fellowships at our HE awards ceremonies in December. These awards recognise distinguished individuals who have a connection with the College, and who have made an outstanding contribution to their chosen field. We were delighted that Sir William Wright CBE, Bill O'Hara OLY, PJ McAvoy, Jonathan McAuley, Joan Burney Keatings MBE, Sam Davidson, John Robb, and Ann McGregor MBE were our first recipients.

Our commitment to nurturing talent and technical skills was recognised at the Worldskills in Birmingham with seven students being selected from regional finals to participate. Warmest congratulations to prizewinners Rory McCloskey (gold) and Dean Boyle (bronze) in CNC Milling, and Matthew McLaughlin who was highly commended in Graphic Design. This year, Samuel Gilmore received Carpentry gold and Best

Overall Apprentice at the Skillbuild National NI finals, qualifying him for Worldskills in November.

At the Royal Television Society Awards in March, Caitlin Knox was highly commended for her factual film 'Young Carers', while computing students from Magherafelt won a CyberCenturian award for their codebreaking success in the NI regional heat and were presented with their prize at the Turing Lecture in Belfast.

A group of first year Level 3 Business students from Coleraine campus overcame stiff competition to be crowned champions at the first-ever Northern Ireland Business Challenge for Schools. The competition tasked more than 85 pupils from 13 colleges and schools with developing and pitching a business strategy based on a real-life case study.

An impressive cohort of 24 engineering students and 13 IT students graduated with Career Ready awards at a ceremony held in Queen's University, Belfast. This added to our success in Career Ready when IT student Amy Chan was shortlisted for a STEM Student of the Year Award, attending the UK finals National Judging Day in London.

Recent graduate Ryan McAuley won the vocational category for Northern Ireland at the British Education Awards held in Manchester in January 2018. Ryan achieved triple distinction in the Level 3 BTEC Extended Diploma in Children's Care, Learning and Development and is now studying Early Childhood Studies at Stranmillis University College.

On the sports field our Coleraine campus football team had another successful year, becoming the first Northern Ireland side to claim a Rustlers Colleges and Universities League title. Beating IT Carlow in the Division 2 final they also gained promotion to Division One. Two FD Sport Exercise & Fitness students, Chloe McLaren and Stewart Nixon, were selected to play football for Northern Ireland, Megan McBurney made the NI senior ladies volleyball team, and Paul Conroy became British Schools Golf Champion.

Staff accolades during the year included a Gold Centre award from the International Association of Bookkeepers, making us one of just 25 UK colleges to receive this honour. The Creative Industries teaching team in Ballymoney travelled to London for the Pearson Teaching Awards and returned as runners-up for 'FE Team of the Year', and we received a 'Centre of Excellence' award from Prodigy Learning for our IT certification delivery.

These achievements and progress have been made possible by the dedication and commitment of our staff and Governing Body who all deserve thanks for their contributions throughout the year.



Professor Terri Scott  
Principal & Chief Executive

“

**An impressive cohort of 24 engineering students and 13 IT students graduated with Career Ready awards at a ceremony held in Queen's University, Belfast. This added to our success in Career Ready when IT student Amy Chan was shortlisted for a STEM Student of the Year Award, attending the UK finals National Judging Day in London.**

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## Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2018.

### 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.

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

### Mission Statement

The College revised the Key Performance Indicators (KPIs) and metrics for 2017/18 focusing on five KPIs with the following Vision and Mission Statements.

#### 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.”*

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**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.**

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### Corporate and Business Planning

The College Strategic Improvement Plan (SIP) for the three year period 2015–18 set out our strategic priorities, together with the KPIs to support the achievement of our vision.

Following the successful and early implementation of the College SIP for the period 2015-2018, and the FE sector moving to a new funding, monitoring and planning cycle in August 2018, it has been agreed that the College's revised KPIs and metrics for 2017/18 will cover the period August 2017 to July 2018:

- KPI 1: Meeting enrolment targets and achievement of qualifications**
- KPI 2: Improving the quality of education**
- KPI 3: Accelerating business and community engagement**
- KPI 4: Accelerating innovation and creativity**
- KPI 5: Achieving financial health**

To deliver our targets and ambitions, the College will require ongoing support from our sponsoring government department (DfE); employers; community organisations; and other stakeholders. In parallel, we will continue implementing our programme of training for governors and staff to ensure their knowledge and skills are current and relevant. The five KPIs developed by the College for 2017/18 will achieve our vision on our transformational journey and in doing so strengthen our skills base and build capability and embrace innovation whilst supporting draft Programme for Government (PfG) outcomes, in particular; more people working in better jobs; an innovative creative society, where people can achieve their potential; and a strong, competitive, regionally balanced economy.

To ensure the College can fully contribute to the draft PfG and draft Investment Strategy, it is vital that sufficient funding both recurrent grant and capital funding is provided from DfE. The continuing uncertainty with regard to funding has potential implications for current and future developments, and on our ability to deliver against KPIs.

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**The five KPIs developed by the College for 2017/18 will achieve our vision on our transformational journey and in doing so strengthen our skills base and build capability and embrace innovation.**

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## Performance indicators and review of performance in 2017/18

The College's performance in relation to the 5 KPIs was monitored by the Governing Body and the DfE throughout 2017/18 with appropriate actions agreed and implemented.

The summary table below outlines the progress.

KPI Progress 2017/18			
	KPI Description	Status	Comment
<b>KPI 1</b>	Meeting Enrolment Targets & Achievement of Qualifications	●	<b>Achieved</b> An additional 982 funded enrolments was achieved, 8% above the target. An additional 838 enrolments was achieved within Work Based Learning, Training for Success and Apprenticeships during 2017/18. Retention, achievement and success below target with a concerted focus to increase in 2018/19.
<b>KPI 2</b>	Improving the Quality of Education	●	<b>Achieved</b> ETI awarded Essential Skills and Training for Success as 'Good' in June 2018. Quality Assurance Agency (May 2018) reported confidence in academic standards and confidence in the quality of the student academic experience.
<b>KPI 3</b>	Accelerating Business and Community Engagement	●	<b>Partial Achievement</b> Activity on DfE supported programmes, other support sources and full cost recovery (less than 2% of the budget) did not achieve targets for 2017/18. Engagement with 4 Councils including participation in Community Planning and development of strategic relationships achieved targets.
<b>KPI 4</b>	Accelerating Creativity and Innovation	●	<b>Achieved</b> College adopted and completed the roll-out of Office 365 during 2017/18. The increased use of digital learning environment and targets for training of staff in the use of digital learning technology and processes were exceeded.
<b>KPI 5</b>	Achieving Financial Health	●	<b>Achieved</b> staff costs to total income and total costs ratios. Targets for staff absenteeism rates and staff utilisation rates also achieved.



**The target for improving the quality of education has been achieved with the College obtaining external verification from the Education Training Inspectorate and Quality Assurance Agency during the year.**



## KPI 1 - Meeting Enrolment Targets & Achievement of Qualifications

The target enrolment value of 12,585 in respect of the funded provision was exceeded by almost 8%, representing a strong recruitment intake and reflecting the dynamic curriculum provision across all campuses meeting the needs of students and employers. All categories, with the exception of HE, exceeded the respective targets.

Work Based Learning enrolments significantly exceeded the target with 838 enrolments due to an expanded curriculum offering within Work Based Learning, Training for Success and Apprenticeships. This area has been targeted for growth and is expected to expand further in 2018/19.

Retention, achievement and success did not fully achieve the targets. During 2017/18 additional measures and actions have been implemented, along with the recruitment of dedicated resources, support and interventions to improve these targets within 2018/19.

## KPI 2 - Improving the Quality of Education

The target for improving the quality of education has been achieved with the College obtaining external verification from the Education Training Inspectorate and Quality Assurance Agency during the year.

The Education Training Inspectorate (ETI) follow up inspections concluded that the provision in both Essential Skills and Training for Success provision within the College has now been graded as 'Good'.

ETI also provided 'continued confidence' in the College self-evaluation report and quality improvement planning process.

The UK Quality Assurance Agency awarded the College 'confidence' and made the following judgements: 'There can be confidence that academic standards are reliable, meet UK requirements, and are reasonably comparable with standards set and achieved in other providers in the UK. There can be confidence that the quality of the student academic experience meets baseline regulatory requirements'.

Students continue to be engaged through a variety of means to ascertain views as part of the student survey process. Participation from students in surveys has increased by 50% with the quality of teaching and learning in line with the previous year. In addition, the Students' Union has actively supported engagement through participation in focus groups.



### KPI 3 - Accelerating Business and Community Engagement

Targets achieved for supporting Causeway Coast & Glens and Mid & East Antrim Councils' economic development action plans and recommendations.

The College continues to extend and grow our strategic partnership base, in line with the strategic focus to increase Work Based Learning engagements with employers. In 2017/18 the College delivered on the strategic partnership target, with 14 relationships created and others maintained within the specific businesses related to the construction (including electrical installation) and engineering sectors.

The target for revenue and activity under DfE supported programmes, other support sources and full cost recovery was not fully achieved in 2017/18. These activities account for less than 2% of the income budget and a dedicated curriculum delivery is being developed for 2018/19. Targets within Fusion and Innovation Vouchers were both exceeded.

### KPI 4 - Accelerating Creativity and Innovation

Continued investment and up-skilling of staff in order to maximise innovative practice took place in 2017/18 with the roll-out and implementation of Office 365 Exchange and deployment of cloud-based solutions, Microsoft OneDrive and Skype for Business. All full-time lecturers were provided with a laptop.

Usage of the College Digital Learning Environment (DLE) increased by 32% during 2017/18 and WBL Year1 students are using e-portfolios, with a 500% increase in usage on this learning assistant platform.

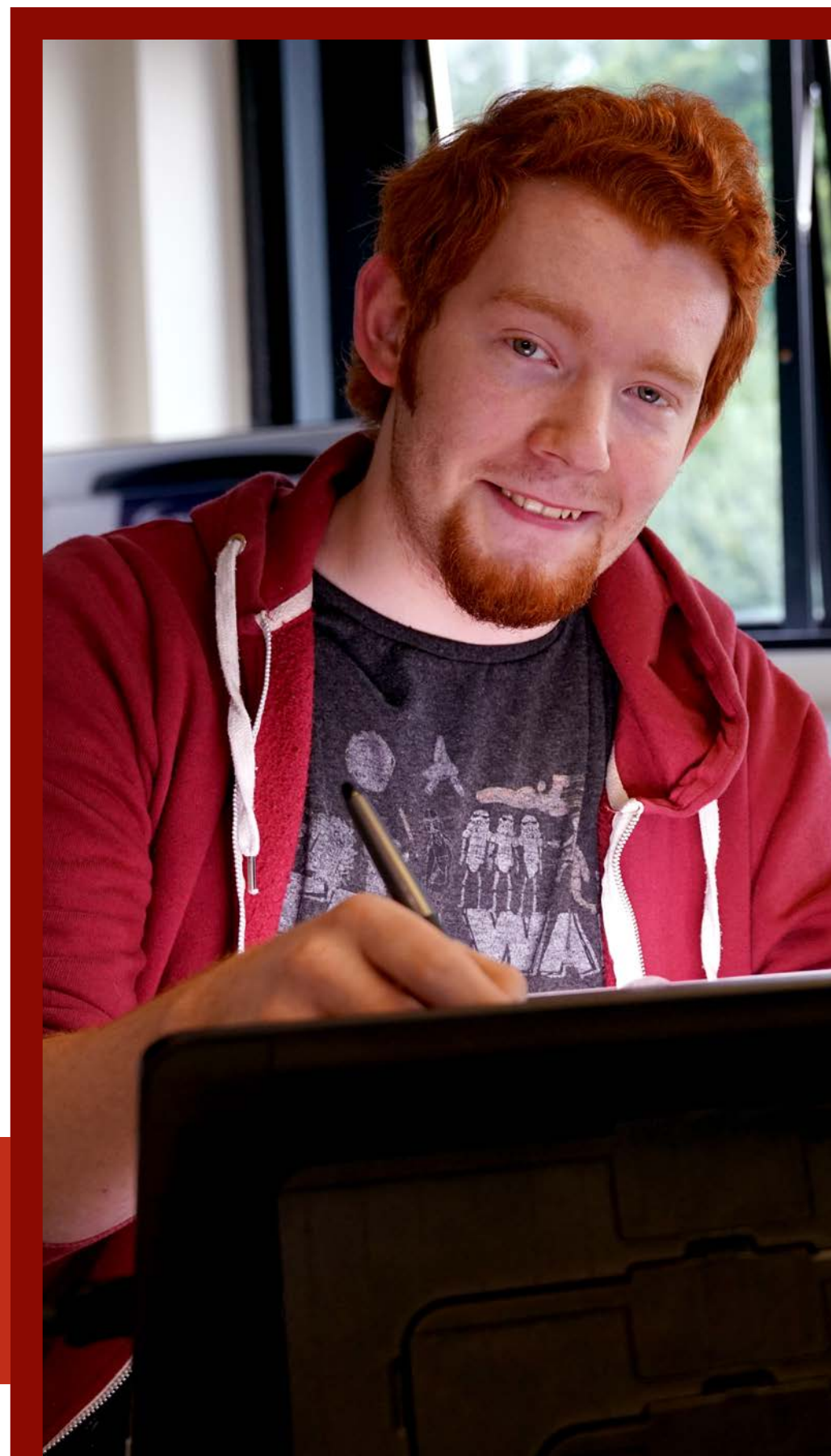
The College hosted its inaugural Digital Showcase during the year, providing an opportunity to demonstrate progress in digital learning within vocational education. The event on 8 December 2017 at the ECOS Centre in Ballymena attracted 80 participants. Speakers from JISC and the Open University joined representatives from across the FE sector to disseminate best practice and highlight development opportunities. The investment in digital learning at the College has greatly enhanced education skills and employability for students through an optimum blend of digital and traditional teaching and assessment processes.

### KPI 5 - Achieving Financial Health

The College continued to achieve financial health during periods of uncertainty in public sector budgets.

The staff costs to total costs ratio has been achieved, along with achievements in lecturer utilisation rates, and surpassing the staff absenteeism and prompt payment targets. Debt control targets have also been achieved, however lower levels of income were reported within the business development function impacting on an inability to fully achieve the diversification income target.

With the support of DfE, £1.5m has been invested to date on the new build campuses at both Ballymena and Coleraine, and these strategic projects are key to the transition to a four campus model by 2022.



## Financial Objectives

The College's key financial objectives summarised in KPI 5 are shown below:

- Diversification income of 35% - 2017/18 result was not achieved with 31%
- Income to staff costs of 66% - 2017/18 result achieved at 68%
- Staff costs as %age of total costs of 62% - 2017/18 result achieved at 62%
- Utilisation rates of 96% - 2017/18 result achieved at 96%
- Absenteeism rates of 3% - 2017/18 result achieved at 2.83%
- Payment debtor within 33.3 days - 2017/18 result achieved with 33 days
- Prompt payment of 95% invoices paid within 30 days - 2017/18 result achieved with 97% of invoices paid within 30 days



## Financial Position

### Financial Results

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 the Financial Reporting Standards (FRS102) The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The College recorded a deficit before exceptional items in 2017/18 of £3,010k (2016/17 deficit of £1,097k). The College, in agreement with the Department, made an in-year adjustment to its budget of £1.4m to assist with sectoral pressures on the understanding the funding would be made available to the College in its 2018/19 budget baseline. The temporary reduction related to extended timeframes for the completion of property related maintenance and other 2017/18 expenditure timings. In addition, the College in agreement with the Department made a repayment of £1.07m in 2017/18 as part of a managed process to minimise the College's cash balance, this has been accounted for as an exceptional item.

Indices provided by Land and Property Service, were applied to the College's Land and Buildings to provide valuations at 31 July 2018. This resulted in an increase in the College's net book value of £2.6m. The total net book value of Land and Buildings, excluding work in progress at 31 July 2018, is £66.6m. In addition, work in progress, relating to the new build totalled £0.9m.

The College has significant reliance on DfE for its principal funding source, largely from recurrent grants. In 2017/18, DfE provided 69% of the College's total income through allocated recurrent grant. This represented 14% of the total recurrent grant available to the sector.

### Reserves

The College has accumulated income and expenditure reserves, excluding pension reserves, of £2,102k (£3,332k in 2017) and cash balances of £3,961k (£6,608k in 2017). The College's cash reserves at 31 July 2018 are 13.3% of the income for the year. The amount held above the limit set in the Financial Memorandum is to support investment in the estates projects and to provide flexibility to manage the peaks and troughs of working capital.

### 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 outflow was £2,647k, (2016/17 £1,131k inflow). The decreased cashflow was due to 2017/18 budget adjustment and the planned £1.07m repayment to DfE to reduce the College's cash balances.

#### Liquidity

The level of reserves has contributed to a strong liquidity position for the College. Consequently the College does not have any borrowings, loans or financing.

## Current and Future Development and Performance

### Student numbers

A summary of performance in respect of DfE student enrolments targets for 2017/18 is shown below for Essential Skills, Higher Education and Further Education. Also shown is the College performance in relation to Work Based Learning.

2017 / 18		DfE Targets	Actual Performance
Essential Skills	16-19 yr old	1,914	2,567
	> 19 yr old	1,386	1,023
<b>Total</b>		<b>3,300</b>	<b>3,590</b>
Higher Education	Full-time	358	303
	Part-time	892	876
<b>Total</b>		<b>1,250</b>	<b>1,179</b>
Further Education	Full-time	2,644	2,667
	Part-time	5,391	6,131
<b>Total</b>		<b>8,035</b>	<b>8,798</b>

2017/18 Work Based Learning (WBL)	Targets	Actual Performance
Training for Success (TfS)		190
Apprenticeships NI		619
Higher Level Apprentice		29
<b>Total</b>	<b>730</b>	<b>838</b>



The target enrolment value for full-time FE has been exceeded by 23 students, and the target value for part-time FE has been exceeded by 740 part-time enrolments. Taking into account retention as of 31 July 2018 the target values have been broadly achieved, representing a strengthening curriculum provision by the College.

The HE full-time target was not achieved this year but remained stable for the duration of the academic year. The HE part-time enrolment target numbers were also a challenge, however a new part-time course in Health and Social Care introduced in semester 2 recruited well as planned. Overall the HE enrolments were 71 students below the target set, with an expanded HE provision planned for 2018/19.

The Essential Skills numbers were above target in line with expectations. The inclusion of an end test in the certification of Essential Skills has resulted in less adults engaging and enrolling on these programmes, however this was more than

compensated by the increase in WBL numbers participating. Overall there were 290 students above the targets set.

WBL numbers recruited above target and have remained above target for the academic year. There was a slight seasonal decline in numbers as some trainees complete their planned programme of study. On completion of their training entitlement most have transferred onto the ApprenticeshipsNI programme.

ApprenticeshipsNI numbers have remained stable, with growth in electrical installation.

### Student Achievements 2017/18

The College's overall retention was 87% (2016/17 89%), slightly lower than the previous year. As part of the College transformation process, additional resources and interventions will be directed towards improving retention for the 2018/19 year.

### Student External Achievements 2017/18

Award	Student (s)	Date
Accounting Technicians Ireland (ATI) exams	3rd overall - William Wilkinson	Sept 2017
JP McManus Scholarship	Sophie Calderwood, Business and IT	Oct 2017
Northern Ireland senior ladies football team	Chloe McCarron, FD Sport Exercise & Fitness	Nov 2017
Northern Ireland Junior International football team	Stewart Nixon, FD Sport Exercise & Fitness	Nov 2017
National Worldskills UK 2017 finals	Gold – CNC Milling – Rory McCloskey Bronze – CNC Milling – Dean Boyle Highly commended – Graphic Design – Matthew McLaughlin	Nov 2017
SkillbuildNI Intercampus competition	Plumbing: 1 Abigail Reilly 2 John Glasgow 3 Chandler Douglas  Electrical Installation: 1 Mark Fullerton 2 Zak McFarland 3 Morgan Wallace  Brickwork: 1 Derek McMullan 2 Andrew McSorley 3 Brandon Grant  Joinery: 1 Kyle Parry  Carpentry: 1 Samuel Gilmore 2 Patrick McCloskey 3 James Drennan	Jan 2018

Award	Student (s)	Date
CyberCenturian Awards	Best boys team - Level 3 Computing students (Magherafelt)	Feb 2018
Northern Ireland Business Challenge for Schools	Winners - Level 3 Business students (Coleraine)	Feb 2018
Royal Television Society Awards	Highly commended – Factual Film - Caitlin Knox	March 2018
NI Senior Ladies Volleyball team	Megan McBurney	March 2018
Health & Social Care Skills competition	1 Erin Campbell 2 Catrina McLoughlin 3 Kyle Kirby	March 2018
Music Skills Awards	Best singer/songwriter – Holley Farlow Runner-up original band - Funkelstiltskin	March 2018
Rustlers Colleges and Universities League, Division Two final	Winners – Coleraine campus football team	March 2018
Career Ready STEM Student of the Year	Finalist, Technology section – Amy Chan	March 2018
Skillbuild NI National Finals	Best Overall Apprentice of the Year & Carpentry Gold – Samuel Gilmore* Brickwork Gold – Derek McMullan, Bronze – Andrew McSorley Plumbing Bronze – Abigail Reilly  *subsequently invited to compete in Worldskills finals in Birmingham in November 2018 (top 8 in UK)	March 2018
National Society of Apprentices	Motor Vehicle apprentice representatives - Sean McNamee and Sarah McCluney	April 2018
U19 football team	U19 Regional Champions and CUFL Division 2 national champions	May 2018
British Schools Golf Champion	Paul Conroy (Darren Clarke Golf School)	May 2018
IET Greenpower race	3rd in class, 9th overall - Level 3 Engineering team (Newtownabbey)	May 2018
Concorde Cup	Best student achievement L3 Extended Diploma Electrical/Electronic Engineering - Sam Courtney	May 2018
Operations Engineering HNC Project & Design Awards	Best project - Duran Dempster Highly commended - Matthew Peter, Alan Brown, Brian Kirch Most improved project - Graham McDowell	June 2018
SkillWeld 2018 regional finals	1 Robert Ferguson 2 Aaron Heggarty 3 Thomas Mercer	June 2018
Dayle Smith Endeavour award	James Heaney, FD Engineering	June 2018
martin & hamilton trophy	Best level 3 construction student - Daniel Winters	July 2018



## Curriculum Developments 2017/18

The curriculum delivery for the academic year 2017/18 was aligned to the DfE strategy 'Further Education Means Success': The Northern Ireland Strategy for Further Education (January 2016).

As part of our annual curriculum planning cycle we constructively reviewed course enrolment trends and responded to market demand and the needs of the economy. In addition, feedback from employers has informed decisions to direct resources into curriculum areas that best serve our local employers.

All curriculum provision focused on Priority Skill Areas (PSA), delivered via courses in Further Education, Higher Education, Work Based Learning and Entitlement Framework. Where Further Education courses have been the primary offering, most of these have been supplemented by additional short courses which add value in terms of qualifications and vocational competence. All students who enrolled with the College who had not achieved Mathematics, English and ICT were offered the opportunity to complete an appropriate Essential Skill programme, with almost 3,700 such enrolments in 2017/18. The College also offered GCSE Maths and English twilight sessions for students who preferred this pathway.

### Digital focus

Throughout the academic year the College oversaw the move to an e-portfolio system for all new apprentices and trainees. This transition was supported initially by staff development sessions delivered by City & Guilds, followed by sessions delivered by the College's Digital Mentors.

In January 2018 a partnership with Lynda.com was launched, giving all staff and students 24/7 access to the world-class online learning platform which can be used for teaching, independent learning and continuing professional development (CPD). An associated programme of activities, updates and information was implemented throughout the rest of the year to ensure that sign up to this free resource was maximised.

Investing in supporting talent and developing staff continued to be a priority. In September 2017, all full-time academic staff were issued with a laptop for College use, in order to ensure that teaching staff have the necessary online technical expertise to develop the skills and knowledge required in their particular curriculum area.

In addition to Lynda.com, the College also invested in a range of other online learning materials including Smartscreen, Big Blue Button, Learning Assistant (e-Portfolio), and membership of the Blended Learning Consortium (BLC) to support staff and students in enhancing the teaching and learning experience relevant to their subject.

## Curriculum Developments 2018/19

Our plans for 2018/19 take into account the local needs of the four council areas that the College covers, as well as addressing our ambition to increase STEM provision and further expand delivery in WBL.

New reporting software has been adopted which will facilitate easier collation of data for the metrics required at sector level, as well as for our own internal planning processes. Built into this is the recording of information relating to utilisation of our estate which will support the planning for decant programmes from Coleraine and Farm Lodge campuses in 2019/20, in advance of the new campus build projects getting under way.

An extensive and expanded provision for 2018/19 is offered at each campus and can be viewed on the college website: [www.nrc.ac.uk](http://www.nrc.ac.uk)

In the area of Special Needs Education (SEN), demand has risen for places on a variety of the courses we offer in this area, with a 16% increase in student numbers during 2017/18. Subsequently new Entry level provision has been introduced from September 2018, with Transition2College being offered at Ballymoney, Magherafelt and Newtownabbey campuses. These courses are designed to provide qualifications and experiences for individuals to develop independent life skills and provide opportunities to progress onto level 1 programmes at the College. Further expansion is also planned to provide additional places in Level 0, Level 1 and SEN provision.

Also new in 2018/19 is a sector-wide Level 1 NEETS programme 'College Connect' running at Ballymena and Newtownabbey campuses, designed to provide the necessary qualifications and experiences for individuals to return to employment.

Building on the successful introduction of additional Access to University courses during 2017/18, we are continuing to offer these during 2018/19 in order to provide a route for students wanting to study Science or Social Sciences at degree level. They are offered on both a full-time and part-time basis, and run on the Coleraine, Magherafelt, Newtownabbey and Ballymena campuses with some 360 enrolments currently which we expect to grow during the year.

Throughout the year an enhanced development programme will run for part-time staff, offering additional support and qualifications in teaching and delivery skills, linked to the College's drive to strengthen the student experience, and improve student outcomes.

### Internationalising the curriculum

During 2017/18 the College forged new international collaborative partnerships in Europe and South Africa, adding to the established relationships already in place. All are designed to facilitate staff and student access to participation in transnational projects and partnerships.

In Europe, we continued with our role as a lead co-ordinator in two Erasmus+ Strategic Partnerships: RACE21 enabled engineering staff and students to develop and showcase robotic solutions with colleges in five EU countries; while through Enterprise is VITAL, business and media staff and students came together to research 'how and why enterprises grow' and participated in an international business planning competition in Valencia.

Two HE business students studying at our Newtownabbey campus participated in an international business trade workshop in the Netherlands, while three from Magherafelt attended a similar workshop in France. A further four Newtownabbey-based HE business students also undertook a two-month work placement in Valencia funded by Erasmus.

Outside Europe we were successful in securing funding from the British Council to undertake two International Skills Partnerships (ISP), involving business, tourism and joinery/carpentry staff and students. A Leadership Exchange project (LEP) enabled us to improve our understanding of differences and share best practice in college structures between South Africa and Northern Ireland. These projects have also seen us strengthen our relationship with the British Council in London and South Africa.

An outcome of the strengthening of our Memorandum of Agreement with Northlink College, Cape Town was our participation in their management development programme, plus the opportunity for the Internationalisation Manager, Irvine Abraham, to give the keynote address at a graduation ceremony in Cape Town in June 2018 with an audience of 5,000.

We are also delighted to have secured EU funding to further a partnership led by Salamanca University, Spain. The new project will enable the College to share expertise and success in attracting females to STEM courses with education partners in Latin America.

## Success Story

### Bringing the medals home

Rory McCloskey and Dean Boyle returned home to Northern Ireland in November 2017 as medal winners from the Worldskills UK National finals in Birmingham.

Rory won gold and Dean took bronze for their expertise in Computer Numerical Control (CNC) Milling, which involves programming, setting and running a modern CNC milling machine to accurately produce a component in a given timeframe.

The medallists and their employers were welcomed into the College by the Principal and staff from the engineering department to congratulate them on their success.





## Success Story

### The Apprentice meets Masterchef

The College and Galgorm Resort & Spa have teamed up to offer two exciting new apprenticeship programmes, Professional Cookery and Food & Beverage Service, offering a golden ticket to fast track employment in the hospitality industry for people with the right personality and commitment to succeed.

The programmes target 16-24 year olds seeking to develop the necessary skills and knowledge to build a career in the hospitality sector, with three days spent working in Galgorm's award-winning bars and restaurants, and two days in College focused on elements including customer service, communication, teamwork, food safety and hygiene. The programmes are part-funded by the European Social Fund for Northern Ireland, Department for the Economy and Skills to SucceedNI.



### 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 2017 – 31 July 2018, the College paid 97% (2016/17: 87%) of its invoices within 30 days. £0 (2016/17 £0) was paid to suppliers in interest charges.

The Northern Ireland Executive is committed to paying suppliers as quickly as possible, within 10 working days. During the accounting period 1 August 2017 to 31 July 2018, the College paid 72% (2016/17: 54%) of its invoices within 10 working days.

### Post Balance Sheet Events

There are no post balance sheet events.

### 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.

The Department have issued a budget for 2018/19 to the College and we are in consultation with the Department to receive adequate resources to deliver the programme of work planned for 2018/19.

### Future Developments

The FE sector is moving to a new funding, monitoring and planning cycle from August 2018.

In preparation for this, during 2017/18 we devised a new College Development Plan (CDP) following a sector-wide exercise involving all six NI FE colleges working with DfE.

The most significant change the new CDP has brought about is a focus on Outcomes Based Accountability (OBA) for all our activities. Impact is measured using this approach rather than more conventional metrics such as expenditure or numbers completing programmes. This will allow us to evaluate success more thoroughly and enable us to make more informed, longer-term decisions which will impact on current and future generations.

This CDP sets out the benchmarks against which we will be measured over the coming years and is aligned to the draft Programme for Government and draft Industrial Strategy which articulate the economic and social priorities for Northern Ireland to 2021.

The key elements of this approach are a focus on outcomes, impact, and making a difference to peoples' lives, all of which mirror the direction this College has been taking over the last three years, and will continue as part of our 'Transforming & Performing' programme for the next five years.

### Campus 21 New Build Developments

The College appointed McAdam Design in February 2018 as the integrated consultancy team to take forward the £84.9m campus developments at our Ballymena and Coleraine sites.

The new campus in Ballymena (replacing our existing Farm Lodge building and incorporating current provision at Trostan Avenue/Lamont as well) will provide over 17,000m<sup>2</sup> of modern, state-of-the-art facilities to service over 1,800 students, at a construction cost of £34m.

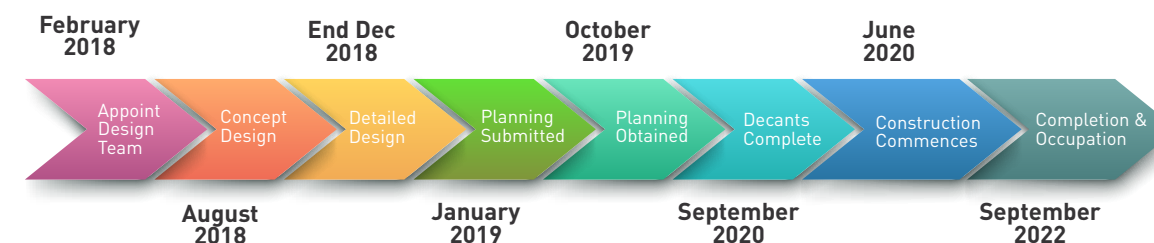
In the Causeway Coast & Glens Council area, rationalisation will take place to amalgamate our current Coleraine and Ballymoney campuses on an extended Coleraine site, offering over 12,560m<sup>2</sup> of space for some 1,300 students.

A comprehensive pre-planning community consultation will be taken forward in late 2018, following initial external engagement with key stakeholders to outline the development plans, as well as internal communications activities with students and staff to keep them informed about the project.

From the end of the 2018/19 academic year an element of decant from current facilities is required. Plans for alternative accommodation during the construction of the expanded Coleraine campus are already in place, while in Ballymena there will be less impact on students and staff in relation to decant as the new campus can be constructed at Farm Lodge while business as usual continues.

To date the project is on target to achieve planning submission by January 2019 and see construction commencement in 2020.

### Timeline



## 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	12,213
Ballymena – Trostan Avenue	5,139
Ballymena – Lamont	2,023
Ballymoney	3,508
Coleraine	4,217
Larne	3,185
Magherafelt	4,848
Newtownabbey	31,444
Portrush (currently not utilised)	0
New Build – Asset in the Course of Construction	906
<b>Total</b>	<b>67,483</b>

### Financial

Net assets at 31 July 2018 were £54.4m (2016/17 £49.9m) (including £4.1m net pension liability, 2016/17: £6.8m liability).

### People

The College employs 557 people (2016/17: 554) (expressed as full-time equivalents), of whom 314 are teaching staff.

	% Sickness Absence		Average days Lost	
	2017/18	2016/17	2017/18	2016/17
College	2.83	2.64	7.00	5.44
Support Staff	2.93	4.07	7.30	8.40
Lecturing Staff	2.77	2.02	6.90	4.18

### Reputation

The College has a strong 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

The Risk Register for the College is reviewed and updated quarterly. The principal risks facing the College have been identified in the Risk Register (at 31 July 2018) as:

Risks	Description
<b>1</b>	The College does not meet enrolment targets and achievement of qualifications
<b>2</b>	The College does not improve the quality of education
<b>3</b>	The College does not accelerate business and community engagement
<b>4</b>	The College does not accelerate innovation and creativity
<b>5</b>	The College does not achieve financial health
<b>6</b>	The College does not meet new data protection requirements
<b>7</b>	The College does not implement sector-wide Systems, Technology and Services Project
<b>8</b>	The College fails to deliver an efficient Estates environment in a compliant manner due to Central Procurement Directorate – Properties Division delays and processes





“

**The College considers two-way communication with its staff and students to be vital and regular meetings are held. Currently a number of mechanisms are in place to achieve effective internal communications.**

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## Stakeholder Relationships

In line with other colleges, we have many stakeholders. These include:

- students;
- the Department for the Economy;
- staff;
- local employers;
- local authorities;
- Government Offices / Regional Development Agencies;
- local communities;
- other FE institutions;
- trade unions; and
- professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through a wide variety of channels, both face-to-face and virtual.

The College considers two-way communication with its staff and students to be vital and regular meetings are held. Currently a number of mechanisms are in place to achieve effective internal communications including:

- student/staff consultative meetings;
- team/department, directorate meetings;
- multi-disciplinary team meetings;
- student and staff intranets;
- College website and social media channels;
- student and staff newsletters and e-zines;
- health and wellbeing events.

### 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 our 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."*

In 2017/18 the College continued to better promote equality of opportunity and good relations through a wide variety of initiatives and programmes including a new workplace health and wellbeing programme, transgender equality statement and procedure, animated videos for students on Equality and Diversity and Bullying, various pastoral care workshops for students, employers for childcare roadshows, consultation on campus redevelopments and staff development sessions.



### Disability statement

Under section 49A of the Disability Discrimination Act (DDA) 1995 (as amended by the Disability Discrimination (Northern Ireland) Order 2006), 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.

*“Northern Regional College is committed to equality of opportunity for all its staff and students and will, therefore, strive to facilitate staff and students with disabilities as an integral part of the Northern Regional College community.”*

In 2017/18 the College has committed to supporting those with mental ill health by signing up to the Equality Commission’s Mental Health Charter. The College has also signed up to the Every Customer Counts Initiative which was designed by the Equality Commission to encourage organisations and businesses across Northern Ireland to consider if they can improve the service they offer to clients and customers with a disability. Using the self-assessment checklist tool we have audited all our campuses and have considered how open our services currently are to disabled people. Further to these audits, we have recently developed an Accessible Business Action Plan which will be taken forward in 2018/19.

### 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 2017/18.

### 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

Grant Thornton  
Donegall Square West  
Belfast, BT1 6JH

#### Bankers

Danske Bank  
Donegall Square West  
Belfast, BT1 6JS

#### First Trust

78 Wellington Street  
Ballymena, BT43 6AF

#### Solicitors

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

#### King & Gowdy

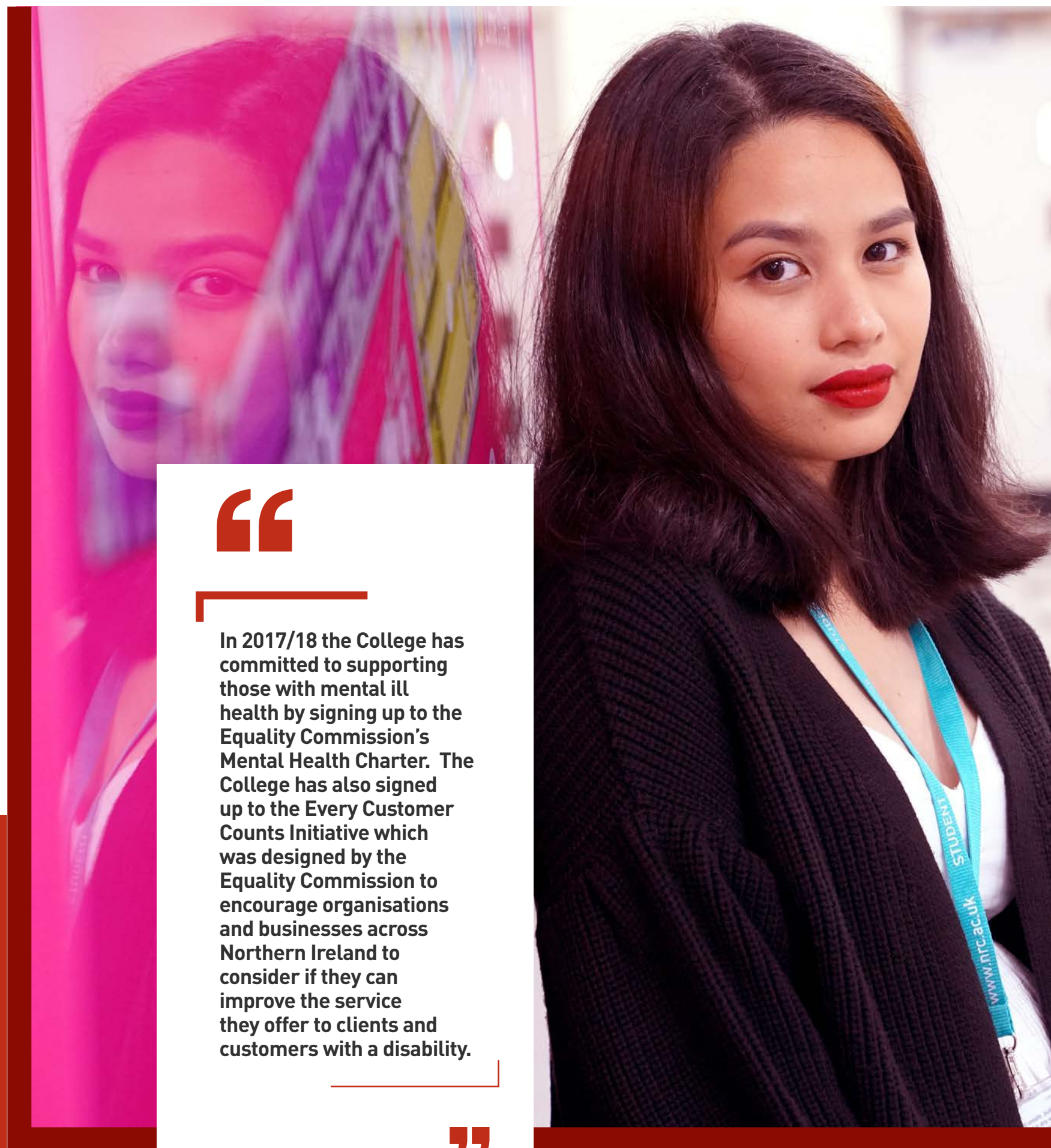
298 Upper Newtownards Rd  
Belfast, BT4 3EU

#### Carson McDowell

Murray House  
4 Murray Street  
Belfast, BT1 6DN

#### Cleaver Fulton Rankin

50 Bedford Street  
Belfast, BT2 7FW



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## 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
Isobel Allison	08/07/16	30/07/20		Member Member	Audit & Risk Gov Body
Samuel Kevin Chambers	01/08/15	31/07/19		Chair Member	Resources Gov Body
Hugh Crossey	01/08/15	31/07/19		Temp Chair	Gov Body
Angela Dynes	15/01/18	14/01/22		Staff Member Staff Member	Education Gov Body
Judith Eve	04/02/17	31/01/21		Vice-Chair Member Member (Co-Opt)	Audit & Risk Education Gov Body
William Hutchinson	01/08/15	31/07/19		Member Member	Audit & Risk Gov Body
Richard Jay	24/01/14	31/12/18		Chair Member	Education Gov Body
David Lennox	01/08/15	31/07/19		Chair Member	Audit & Risk Gov Body
Kathryn Linden	03/10/17	30/09/18	June 2018	Student Member Student Member	Education Gov Body
Yvonne Mallon	01/08/15	31/07/19		Member Member	Resources Gov Body

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served
Karen McCambridge	21/07/16	20/07/20		Staff Member Staff Member Member	Education Audit & Risk Gov Body
William McCluggage	01/08/15	31/07/19		Member Vice-Chair	Audit & Risk Gov Body
Gillian McConnell	08/07/16	30/07/20		Vice-Chair Member	Resources Gov Body
Ken Nelson	02/11/14	31/08/18		Vice-Chair Member (Co-Opt)	Education Gov Body
Kerry Reilly	02/11/15	01/11/19	22/12/17	Staff Member Member	Audit & Risk Gov Body
Terri Scott	01/09/14	-		Principal & Chief Executive	Education Resources Gov Body

All members served from 1 August 2017 to 31 July 2018 unless otherwise indicated.

For and on behalf of the members of the Governing Body.

Signed:  Date: 14 November 2018

**Mr H Crossey**  
Temporary Chair of the Governing Body  
Northern Regional College



## 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. Of these, six members are appointed in line with statutory requirements. 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 1 January 2016. Staff 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 chair of the Governing Body, Carmel McKinney, resigned from her post on 30 April 2017. Mr Hugh Crossey was appointed temporary chair from 19 June 2017.

## Success Story

### Sharing expertise

Staff from our department of Engineering & Built Environment commenced work on three FUSION projects during the 2017/2018 academic year.

This is an InterTradeIreland initiative which helps companies throughout the island of Ireland to fund and employ a science, engineering or technology graduate to work with them. A mentor from an academic institution is also involved throughout the 12-18 month project providing expertise and support.

One of the companies the College is working with is Granning Axles & Suspensions Ltd in Naas, Co Kildare, where Stephen George was recruited as a graduate to work on the development of two innovations within the company's agricultural and commercial axle and suspension product line. As well as working on the project objectives at Granning, Stephen will also complete a Postgraduate Diploma in Business & Management.





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

	2017/18				2016/17			
	Salary	Benefits in Kind	Pension benefits	Total	Salary	Benefits in Kind	Pension benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Isobel Allison	0-5	0	0	0-5	0-5	0	0	0-5
James Brown	0	0	0	0	0-5	0	0	0-5
Samuel Kevin Chambers	0-5	0	0	0-5	0-5	0	0	0-5
Hugh Crossey-Temp Chair	15-20	0	0	15-20	0-5	0	0	0-5
Judith Eve	0-5	0	0	0-5	0-5	0	0	0-5
Jonathan Hanna-Student	0	0	0	0	0-5	0	0	0-5
William Hutchinson	0-5	0	0	0-5	0-5	0	0	0-5
Richard Jay	0-5	0	0	0-5	0-5	0	0	0-5
Andrew Kennedy	0	0	0	0	0-5	0	0	0-5
David Lennox	0-5	0	0	0-5	0-5	0	0	0-5
Kathryn Linden - Student	0-5	0	0	0-5	0	0	0	0
Yvonne Mallon	0-5	0	0	0-5	0-5	0	0	0-5
William McCluggage	0-5	0	0	0-5	0-5	0	0	0-5
Gillian McConnell	0-5	0	0	0-5	0-5	0	0	0-5
Carmel McKinney - Former Chair	0	0	0	0	10-15	0	0	10-15
Ken Nelson	0-5	0	0	0-5	0-5	0	0	0-5

### 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.

### 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 36 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 35 days holiday entitlement and a further 12 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.

## Success Story

### Going for Gold

The College was presented with a Gold Centre Award from the International Association of Bookkeepers (IAB) in recognition for our work in training computerised bookkeepers at the end of 2017. At a ceremony in London at the House of Commons, the recognition was made in light of the success rates of the students studying for IAB qualifications; the range of IAB qualifications offered by the College; the length of time the College has been IAB accredited; and the number of students registered on IAB courses each year.

Over 200 colleges throughout the UK are IAB accredited and Northern Regional College, which has been delivering IAB courses since 1996, now joins an elite group of just 25 Colleges to get the prestigious Gold Award accolade.



## 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 Senior Management	2017/18				2016/17			
	Salary £'000	Benefits in Kind £'000	Pension benefits £'000*	Total £'000	Salary £'000	Benefits in Kind £'000	Pension benefits £'000*	Total £'000
	Principal Professor Terri Scott	110-115	0	15-20	130-135	110-115	0	15-20
Chief Information Officer and Vice Principal Business Development Dr Steve Brankin	75-80	0	10-15	90-95	75-80	0	10-15	90-95
Vice Principal Teaching & Learning Note 1. Mr Vincent Taggart	70-75	0	10-15	80-85	15-20 (70-75 full year equivalent)	0	0-5	20-25
Vice Principal Organisational Development Note 2. Mr Des Hewitt	70-75	0	10-15	85-90	10-15 (70-75 full year equivalent)	0	0-5	10-15
Chief Operating Officer Mr Mel Higgins	75-80	0	10-15	90-95	75-80	0	10-15	90-95
Vice Principal Teaching & Learning Note 3. Professor Martin McKinney	-	-	-	-	60-65 (75-80 full year equivalent)	0	10-15	70-75

#### Notes for table

- The Vice Principal Teaching and Learning was permanently appointed following an external recruitment exercise on 26 October 2017 after a temporary appointment on 25 April 2017.
- A Vice Principal Organisational Development was internally recruited for three years from 1 July 2017 (with option to extend for 1+1 years).
- The Vice-Principal Teaching & Learning resigned on 31 May 2017.

\* 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.

## Salary and Pension Entitlements Continued

	2017/18	2016/17
	£'000	£'000
Band of highest paid directors total remuneration	110 – 115	110-115
Median total remuneration	24,986	22,899
Ratio	4.41	4.83

### 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 31/07/18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/07/18	CETV at 31/07/17	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Principal Professor Terri Scott	5-10	0-5	109	77	32
Chief Information Officer and Vice Principal Business Development Dr Steve Brankin	0-5	0-5	50	29	21
Vice Principal Teaching & Learning Mr Vincent Taggart	25-30	10-15	563	440	123
Vice Principal Organisational Development Mr Des Hewitt	0-5	0-5	39	21	11
Chief Operating Officer Mr Mel Higgins	0-5	0-5	38	23	15

### Pension Arrangements

Retirement benefits to employees of the College are provided by the Northern Ireland Teachers' Pension Scheme (NITPS) and the Local Government Pension Scheme for Northern Ireland administered by the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS).

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 Other Comprehensive Income section of the Statement of Comprehensive Income and Expenditure.

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

## Success Story

### On the winning team

A group of first year Level 3 Business students from Coleraine campus overcame stiff competition to be crowned champions at the first-ever Northern Ireland Business Challenge for Schools.

Organised by BDO Northern Ireland, in partnership with Queen's Management School and the Henderson Group, the competition tasked more than 85 pupils from 13 educational establishments with developing and pitching a business strategy based on a real-life case study.

The intensive event aimed to help Business Studies pupils develop practical work-related skills, including communication, critical thinking and teamwork, by challenging them to consider how organisations can enhance their operations and social responsibilities. The winning team was represented by Helen McCallum, Conor Clarke, Ryan Nicholl, Tom Robinson and Alan Neill.



## Success Story

### South African Partnership

Our links in South Africa were strengthened through the signing of a Memorandum of Agreement (MoA) with Northlink College, Cape Town, committing both colleges to building a sustainable relationship over the next five years.

The partnership came about as a result of two reciprocal visits between the colleges during 2017, with potential benefits for all identified which will share best practice and build capacity in common areas. These include Digital Learning and Information Technology; Artisan Skills Development and Apprenticeships models; Entrepreneurship and Self-employment; Business Process Transformation; Management Operating Model development; and inter-college student competitions.



### 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 account 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.

## Statement of the Responsibilities of the Governing Body for the year ended 31 July 2018

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

Within the terms and conditions of the Management Statement/Financial Memorandum (MSFM) agreed between the Department for the Economy and the Governing Body of the College, the Governing Body through its Chairperson, 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 Strategic 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 MSFM 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 on 14 November 2018 and signed on its behalf by:

Signed: 

**Mr H Crossey**  
Temporary Chair of the Governing Body  
Northern Regional College



## Statement of Corporate Governance and Internal Control for the year ended 31 July 2018

### 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 2017/18 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 (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 he is personally responsible, in accordance with the responsibilities assigned to him 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 of members appointed by the Minister for the Economy, 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 six times during the 2017/18 year and held one workshop on 18 January 2018. The Governing Body committees include a Resources Committee, an Audit & Risk 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 to 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 the PA to the Chief Executive maintains a register for members of the Senior Leadership 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 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 2017/18.

The Governing Body through its stewardship complies with the Corporate Governance Code.

Attendance during the year at the Governing Body meetings was as follows:

Member	Meetings Attended	Out of a Possible
Ms Isobel Allison	5	6
Mr Samuel Kevin Chambers	5	6
Mr Hugh Crossey (Temp Chair)	6	6
Ms Angela Dynes (Staff Governor from 15/01/18)	4	4
Mrs Judith Eve	3*	6
Mr William Hutchinson	4*	6
Mr Richard Jay	6	6
Dr David Lennox	5	6
Ms Kathryn Linden (Student Governor)	4	5
Mrs Yvonne Mallon	6	6
Dr Karen McCambridge (Staff Governor)	3**	6
Mr William McCluggage	5	6
Mrs Gillian McConnell	6	6
Mr Ken Nelson	5	6
Ms Kerry Reilly (Staff Governor until 21/12/17)	2	2
Professor Terri Scott (Principal)	6	6

\* Mrs Eve and Mr Hutchinson absent on medical grounds

\*\* Dr McCambridge absent on maternity leave

A minimum of six members of the Board must be present for the meeting to be deemed quorate. All Board meetings during the 2017/18 financial year were fully quorate. There were seven male and eight female members of the Governing Body at 31 July 2018.

## 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 four times during the 2017/18 year. Discussion included reports from the External and Internal Auditors and the relevant responses.

It also receives and considers reports from the Department for the Economy. 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 and 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 Committee meetings was as follows:

Member	Meetings Attended	Out of a Possible
Mrs Isobel Allison	4	4
Mrs Judith Eve	2*	4
Mr William Hutchinson	3	4
Dr David Lennox (Chair)	4	4
Dr Karen McCambridge (from 14/03/2018)	1	1
Mr William McCluggage	4	4
Ms Kerry Reilly (until 21/12/17)	1	2

\* Mrs Eve absent on medical grounds

## Success Story

### National winner

Recent graduate Ryan McAuley won the vocational category for Northern Ireland at the British Education Awards held in Manchester in January 2018.

Ryan achieved triple distinction in the Level 3 BTEC Extended Diploma in Children's Care, Learning and Development while with us at Northern Regional College and, as the only male among 60 students in the early years and childcare department, was a role model and inspiration to others.

Now studying Early Childhood Studies at Stranmillis University College, he was also one of only nine young people from Northern Ireland to receive a prestigious Diana Award in 2017.



## 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 four times during the 2017/18 year.

Member	Meetings Attended	Out of a Possible
Mr Samuel Kevin Chambers (Chair)	4	4
Mrs Gillian McConnell	4	4
Ms Yvonne Mallon	4	4
Professor Terri Scott (Principal)	3	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 five times during the 2017/18 year.

Member	Meetings Attended	Out of a Possible
Ms Angela Dynes (Staff Governor from 14/03/18)	2	2
Mrs Judith Eve	5	5
Mr Richard Jay (Chair)	5	5
Ms Kathryn Linden (Student Governor until 30/06/18)	3	5
Dr Karen McCambridge (Staff Governor until 14/03/18)	2*	3
Mr Ken Nelson	5	5
Professor Terri Scott (Principal)	4	5

\* Dr McCambridge absent on maternity leave



## Governing Body Performance and Effectiveness

It is a requirement of the Department for the Economy to assess the performance of each member of the Governing Body on an annual basis and this process is ongoing for the 2017/18 financial year.

A schedule of membership and attendance at Governing Body and Committee meetings for the 2017/18 year is shown in the previous tables. In total there were 19 meetings of the Governing Body and its various sub committees during 2017/18. Average attendance of governors, excluding staff and student representatives, recorded at Governing Body meetings during 2017/18 was 89.3% (87.1% for 2016/17). The Governing Body also held a strategy workshop during 2017/18 to consider the strategic direction and development of the College Development Plan (CDP).

In conclusion the Governing Body and Committees of the Northern Regional College met regularly and conducted business effectively during 2017/18.

## Senior Leadership Team

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

- Principal
- Vice-Principal Teaching & Learning
- Chief Operating Officer; and
- Chief Information Officer and Vice Principal Business Development.

On 1 July 2017 a temporary post was recruited for three years (with option to extend for 1 + 1 years) to include the post of:

- Vice-Principal Organisational Development.

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 comprises the SLT and all Heads of Department (academic and support).

## Risk Management

The College 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, the Colleges 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 & Risk Committee on a regular basis and have direct access to the Governing Body and to the Chairman of the Audit & Risk 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 and Senior Management Team support, advise and implement policies approved by the Governing Body**

”



## Risk Management Continued

The principal risks facing the College at 31 July 2018 have been identified as:

Risks	Description
1	The College does not meet enrolment targets and achievement of qualifications
2	The College does not improve the quality of education
3	The College does not accelerate business and community engagement
4	The College does not accelerate innovation and creativity
5	The College does not achieve financial health
6	The College does not meet new data protection requirements
7	The College does not implement the sector-wide Systems, Technology and Services Project
8	The College fails to deliver an efficient Estates environment in a compliant manner due to Central Procurement Directorate – Properties Division delays and processes

In addition to the above, a risk register was 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.

### Whistleblowing

There was one notified whistleblowing instance during 2017/18, which was resolved by 31 July 2018.

### Internal Audit

The College's Internal Audit function is outsourced to Grant Thornton, following a sector-wide procurement exercise in 2017. 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 2017/18, which was carried out by Grant Thornton (GT). For the period 2017/18 GT has reported an overall satisfactory audit opinion on the College's system of governance, risk management and internal control. Satisfactory is the highest assurance rating available.

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

Area Reviewed	Assurance Rating
Payroll	Satisfactory
Key Financial Controls	Satisfactory
New Build Project Governance	Satisfactory
Training for Success / Work Based Learning	Satisfactory
Digital / Web Based Learning	Satisfactory
Health & Safety	Satisfactory
Review of Student Experience	Satisfactory
Sector Wide Review – Use of Properties Division	N/A –Advisory Work

All internal audit 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)

A follow up inspection visit by ETI in June 2018 resulted in both the Essential Skills and Training for Success provision in the College now being graded as 'Good'. The Self Evaluation Report and Quality Improvement Plan also received a scrutiny inspection, the outcome of which was that "ETI has continued confidence in the SER/QIP process within the College".

ETI reports are available online at [www.etini.gov.uk](http://www.etini.gov.uk)

## 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.

The QAA visited the College in the beginning of May 2018 to review all our HE provision across the College. Following their visit and review of the evidence submitted, the review team report states:

- There can be confidence that academic standards are reliable, meet UK requirements, and are reasonably comparable with standards set and achieved in other providers in the UK.
- There can be confidence that the quality of the student academic experience meets baseline regulatory requirements.

### 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 2017/18. The College implemented training for all staff in advance of the introduction of GDPR on 25 May 2018.

Signed: 

**Mel Higgins**  
Acting Accounting Officer  
Northern Regional College

Date: 14 November 2018



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

## Opinion on financial statements

I certify that I have audited the financial statements of the Northern Regional College for the year ended 31 July 2018 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 and Expenditure, Statement of Changes in Reserves, Balance Sheet, Cashflow 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.

In my opinion the financial statements:

- give a true and fair view of the state of Northern Regional College's affairs as at 31 July 2018 and of its deficit for the year then ended;
- have been properly prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102); and
- have been 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 directions issued thereunder.

## 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.

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Northern Regional College in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

## Other Information

The Governing Body is responsible for the other information reported in the annual report. The other information comprises the information included in the annual report other than the financial statements, the part of the Remuneration Report to be audited and my certificate thereon. My opinion on financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Remuneration Report to be audited have 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 Foreword by Temporary Chair of Governing Body, the Overview from Principal & Chief Executive, the Strategic Report, the unaudited parts of the Remuneration Report, the Statement of Responsibilities of the Governing Body and the Statement of Corporate Governance and Internal Control for the financial year for which the financial statements are prepared is consistent with the financial statements

## Responsibilities of the Governing Body

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 being satisfied that they give a true and fair view.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to examine, 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 am required to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

In addition, 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.

### 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 parts 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 guidance.

Signed: 

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

Date: 26 November 2018



## Success Story

### Innovation to the fore

Experts from the College's Engineering team worked with six companies during the year to help them develop products in their respective marketplaces.

Using Innovation Vouchers from Invest NI, which provide funding for SMEs to work with an expert knowledge provider, Repair Shop NI, Advance Engineering, CR Services, Chris Burns, Boreas-Air, and Circular Soccer were all able to use the knowledge and skills of our staff to help them develop their businesses.

The College was approached by Circular Soccer to help support the development of their TriGoal product into one which is solid but foldable. The team worked with design engineers at North Design Works to produce prototype moulds using 3D printing, as well as 5 axis machining technology which is used to produce test pieces.

The Circular Soccer concept is played with a 3-sided TriGoal and has been specifically designed to get kids playing a high tempo style of football that encourages creativity and enjoyment while creating opportunities for them to win the ball, hold, and shoot more often. Two to 12 players can have a competitive speedy, skilful, game while developing accuracy and movement off the ball.

Invest   
Northern  
Ireland



## Statement of Comprehensive Income and Expenditure for the year ended 31 July 2018

	Notes	2018	2017
		£'000	£'000
<b>Income</b>			
Department for the Economy income	1	23,553	24,646
Education contracts	2	3,603	3,640
Tuition fees and charges	3	1,990	2,215
Other grant income	4	364	381
Other operating income	5	393	739
Investment Income	6	3	52
Donations and endowments	7	0	0
<b>Total income</b>		<b>29,906</b>	<b>31,673</b>
<b>Expenditure</b>			
Staff costs	8	20,864	20,588
Fundamental restructuring costs	8	3	187
Other operating expenses	10	8,385	8,517
Interest and other finance costs	11	165	276
Depreciation	13	3,499	3,202
<b>Total expenditure</b>		<b>32,916</b>	<b>32,770</b>
<b>Surplus / (Deficit) before exceptional items</b>		<b>(3,010)</b>	<b>(1,097)</b>
Exceptional DfE Repayment	1	(1,070)	0
<b>Surplus / (Deficit) before Tax</b>		<b>(4,080)</b>	<b>(1,097)</b>
Taxation	12	0	0
<b>Surplus / (Deficit) for the year</b>		<b>(4,080)</b>	<b>(1,097)</b>
Unrealised surplus on revaluation of land and buildings	13	5,118	4,626
Actuarial (loss) / Gain in respect of pension scheme	22	3,425	5,918
<b>Total comprehensive income for the year</b>		<b>4,463</b>	<b>9,447</b>
Represented by:			
Endowment comprehensive income for the year		3	2
Unrestricted comprehensive income for the year		4,460	9,445

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 2018

	Income and expenditure account					Total
	Unrestricted (excluding Pension)	Pension Reserve	Unrestricted (including Pension)	Endow-ment	Revaluation Reserve	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 August 2016</b>	<b>1,738</b>	<b>(11,954)</b>	<b>(10,216)</b>	<b>64</b>	<b>50,641</b>	<b>40,489</b>
Surplus/(deficit) from income and expenditure statement	(364)	(733)	(1,097)	-	-	(1,097)
Other comprehensive income	-	5,918	5,918	-	4,626	10,544
Transfers between revaluation and income and expenditure account	1,958	-	1,958	-	(1,958)	-
Release of restricted funds spent in year	-	-	-	-	-	-
<b>Balance at 1 August 2017</b>	<b>3,332</b>	<b>(6,769)</b>	<b>(3,437)</b>	<b>64</b>	<b>53,309</b>	<b>49,936</b>
Surplus/(deficit) from income and expenditure statement	(3,348)	(732)	(4,080)	-	-	(4,080)
Other comprehensive income	-	3,425	3,425	-	5,118	8,543
Transfers between revaluation and income and expenditure account	2,118	-	2,118	-	(2,118)	-
Release of restricted funds spent in year	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(1,230)</b>	<b>2,693</b>	<b>1,463</b>	<b>0</b>	<b>3,000</b>	<b>4,463</b>
<b>Balance at 31 July 2018</b>	<b>2,102</b>	<b>(4,076)</b>	<b>(1,974)</b>	<b>64</b>	<b>56,309</b>	<b>54,399</b>

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

## Balance Sheet as at 31 July 2018

	Notes	2018	2017
		£'000	£'000
<b>Non Current Assets</b>			
Tangible fixed assets	13	69,304	65,695
Intangible assets	14	167	0
		<b>69,471</b>	<b>65,695</b>
<b>Current assets</b>			
Trade and other receivables	16	1,552	1,262
Cash and cash equivalents	21	3,961	6,608
<b>Total current assets</b>		<b>5,513</b>	<b>7,870</b>
Less: Trade payables - amounts falling due within one year	17	3,978	5,105
<b>Net current assets</b>		<b>1,535</b>	<b>2,765</b>
<b>Total assets less current liabilities</b>			
		<b>71,006</b>	<b>68,460</b>
Less : Trade payables: amounts falling due after more than one year	18	12,531	11,755
<b>Provisions:</b>			
Pension Provision	22	(4,076)	(6,769)
<b>Net Assets including pension liability</b>		<b>54,399</b>	<b>49,936</b>
<b>Unrestricted Reserves</b>			
Income and expenditure account (exc. Pension)		2,102	3,332
Pension Reserve		(4,076)	(6,769)
Income and expenditure account (Inc. Pension)		(1,974)	(3,437)
Revaluation Reserve		56,309	53,309
<b>Restricted Reserves</b>			
Endowments	20	64	64
<b>Total Reserves</b>		<b>54,399</b>	<b>49,936</b>

The financial statements on pages 56 to 85 were approved by the Governing Body of the Northern Regional College on 14 November 2018 and were signed on its behalf by:

Signed: 

**Mr H Crossey**  
Chair of the Governing Body  
Northern Regional College

Signed: 

**Mel Higgins**  
Acting Accounting Officer  
Northern Regional College

Date: 14 November 2018

## Cash flow statement for the year ended 31 July 2018

	Notes	2018	2017
		£'000	£'000
<b>Cash inflow/ (outflow) from operating activities</b>			
Surplus / (Deficit) for the Year		(4,080)	(1,097)
<b>Adjustment for non-cash items</b>			
Depreciation	13	3,499	3,202
(Increase)/Decrease in receivables	16	(290)	655
(Decrease)/Increase in payables less one year	17	(1,127)	(1,433)
Increase / (Decrease) in payables more one year	18	609	381
Pension cost less contributions payable	22	567	457
Pension interest cost	22	165	276
Impairment of fixed asset	13	0	384
<b>Adjustment for investing or financing activities</b>			
Investment income	6	(3)	(52)
<b>Net Cash (outflow) / inflow from operating activities</b>		<b>(660)</b>	<b>2,773</b>
<b>Cash flows from investing activities</b>			
Investment income	6	3	52
Payments made to acquire fixed assets	13	(1,990)	(1,694)
<b>(Decrease) /increase in cash and cash equivalents in the year</b>		<b>(2,647)</b>	<b>1,131</b>
Net funds at 1 August	21	6,608	5,477
<b>Net funds at 31 July</b>	<b>21</b>	<b>3,961</b>	<b>6,608</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 2018

### Statement of Accounting Policies

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 Financial Reporting Standard applicable in the UK and Republic of Ireland. The College is a public benefit entity and has therefore applied the relevant public benefit entity requirements for FRS 102. The financial statements are prepared in accordance with the historical cost convention except that certain freehold properties are shown at their revalued amounts.

They also conform to the Accounts Direction issued by the Department for the Economy (DfE).

### 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 cashflow, 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 Assembly 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 (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.

#### Tuition Fees

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

#### Non-Government Grants

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.

#### Interest

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 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

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.

Donations with no restrictions are recognised in income when the College is entitled to the funds.

### 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 the 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 2018. 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.

- **Intangible Assets**

Intangible assets, greater than €3,000 per individual item, should be capitalised. Software integral to an item of hardware should be dealt with as fixed assets.

- **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 and Care to Learn. Related payments received from DfE 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.

## Success Story

### We are the champions!

A stunning strike three minutes into stoppage time from Kevin O'Kane was a fitting way for Northern Regional College to edge out IT Carlow 'C' and become the first Northern Ireland side to claim a Rustlers Colleges and Universities League title.

The Division Two final took place in March 2018 at the FAI headquarters in Blanchardstown, Dublin, with the victory for the team meaning they are now promoted to Division One next year.

The team comprised Foundation Degree and Level 3 students based in Coleraine, plus one player from our Magherafelt campus.





## Notes to the Financial Statements for the year ended 31 July 2018

### 1. Department for the Economy income

	2018	2017
	£'000	£'000
<b>Grant in aid received from DfE</b>		
Recurrent grant	20,934	20,927
Release of deferred capital grants	1,378	1,210
Additional support funds	643	830
Employer Support Program / Innovate Us	26	0
Skills Focus	93	103
Exceptional grant – voluntary exit scheme (VES)	0	176
Other	376	1,033
<b>Grant in aid Total</b>	<b>23,450</b>	<b>24,279</b>
<b>Non-grant in aid received from DfE</b>		
Education maintenance allowance administration (EMA)	29	31
Higher Level Apprenticeships	74	336
<b>Non-grant in aid Total</b>	<b>103</b>	<b>367</b>
<b>Total DfE income (excluding Exceptional Item)</b>	<b>23,553</b>	<b>24,646</b>
Exceptional Repayment	(1,070)	0
<b>Total DfE income (including Exceptional Item)</b>	<b>22,483</b>	<b>24,646</b>

As of 1 April 2018 (due to the implementation of a new DfE Colleges' funding model), the recurrent grant amount includes items of Grant in Aid Income that would have previously been received by the College as a separate income stream from the DfE.

As a result of this, various items like Additional support funds, Innovate Us and Skills Focus of Grant in Aid Income included in the above note are no longer being received as separate income streams from the DfE as of 1 April 2018.

Such income streams were received by the College separately from the DfE for 8/12 months of the Financial Year and subsequently included within the recurrent grant for the remainder of the year.

The Exceptional Payment was a planned adjustment by DfE to reduce the College's cash balances.

### 2. Education Contracts

	2018	2017
	£'000	£'000
Entitlement Framework	492	748
Training for Success*	3,111	2,892
<b>Total</b>	<b>3,603</b>	<b>3,640</b>

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

### 3. Tuition Fees and Charges

	2018	2017
	£'000	£'000
Higher Education (HE) income	946	1,075
Home and other European Union	1,044	1,140
<b>Total</b>	<b>1,990</b>	<b>2,215</b>

### 4. Other Grant Income

	2018	2017
	£'000	£'000
European funds	98	116
Other funds	266	265
<b>Total</b>	<b>364</b>	<b>381</b>

**5. Other Operating Income**

	2018	2017
	£'000	£'000
Catering and residence operations	147	388
Other income generating activities	242	344
Other income	4	7
<b>Total</b>	<b>393</b>	<b>739</b>

**6. Investment Income**

	2018	2017
	£'000	£'000
Income from endowments	3	2
Other interest receivable	0	50
<b>Total</b>	<b>3</b>	<b>52</b>

**7. Donations and Endowments**

	2018	2017
	£'000	£'000
New Endowments	0	0
<b>Total</b>	<b>0</b>	<b>0</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:

	2018	2017
	Number	Number
Governing Body	0	0
Teaching	314	320
Support	87	82
Administration	136	124
Premises	20	28
<b>Total</b>	<b>557</b>	<b>554</b>

**Staff costs for the above posts**

	2018	2017
	£'000	£'000
Governing Body	48	46
Teaching	11,780	11,845
Support	2,273	2,218
Administration	5,556	4,996
Premises	640	1,026
FRS charge	567	457
	<b>20,864</b>	<b>20,588</b>
Exceptional staff costs - VES	3	187
<b>Total</b>	<b>20,867</b>	<b>20,775</b>



## 8. Staff Costs Continued

	2018	2017
	£'000	£'000
Wages & salaries	16,399	16,479
Social security costs	1,502	1,453
Other pension costs (including FRS 102 adjustments)	2,963	2,656
	<b>20,864</b>	<b>20,588</b>
Exceptional staff costs – VES	3	187
<b>Total</b>	<b>20,867</b>	<b>20,775</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	
	2018 No.	2017 No.	2018 No.	2017 No.
£60,001 to £70,000	-	1	7	5
£70,001 to £80,000	-	2	-	-
£80,001 to £90,000	2	-	-	-
£90,001 to £100,000	2	2	-	-
£100,001 to 110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	-	-	-	-
£130,001 to £140,000	1	1	-	-
	<b>5</b>	<b>6</b>	<b>7</b>	<b>5</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.

	2018	2017
	Number	Number
The number of senior post-holders including the Principal was:	5	6

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

	2018	2017
	£'000	£'000
Salaries	409	453
Benefits in Kind	0	0
Pension contributions	73	80
<b>Total emoluments</b>	<b>482</b>	<b>533</b>

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

	2018	2017
	£'000	£'000
Salaries	110	110
Pension contributions	20	20
<b>Total</b>	<b>130</b>	<b>130</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.

### Compensation for loss of office to a former senior post-holder

	2018	2017
	£'000	£'000
Compensation paid to the former post-holder	0	0
Estimated value of other benefits, including provisions for pension benefits	-	-
<b>Total</b>	<b>0</b>	<b>0</b>

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**

	2018	2017
	£'000	£'000
Direct teaching	562	786
Direct support	2,421	2,431
Administration	2,257	1,927
Premises costs	3,145	2,989
Impairment of Fixed Asset	0	384
<b>Total</b>	<b>8,385</b>	<b>8,517</b>

**Other operating expenses include:**

	2018	2017
	£'000	£'000
Auditors' remuneration:		
Financial statements external audit	24	23
National Fraud Initiative – audit	0	1
Internal audit	16	20

**11. Interest and Other Finance Costs**

	2018	2017
	£'000	£'000
Net Charge on Pension Scheme (note 22)	165	276
<b>Total</b>	<b>165</b>	<b>276</b>

**12. Taxation**

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

**13. Tangible Fixed Assets**

	Freehold Land & Buildings	Assets Under Construction	Plant and Machinery	Computer Equipment	Fixtures and Fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>							
At 1 August 2017	63,971	171	4,343	3,130	217	357	72,189
Additions	-	735	1,089	56	-	110	1,990
Surplus/(Deficit) on revaluation	5,355	-	-	-	-	-	5,355
Impairment	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
<b>At 31 July 2018</b>	<b>69,326</b>	<b>906</b>	<b>5,432</b>	<b>3,186</b>	<b>217</b>	<b>467</b>	<b>79,534</b>
<b>Depreciation</b>							
At 1 August 2017	-	-	3,141	2,964	190	199	6,494
Charge for the year	2,512	-	726	157	13	91	3,499
Elimination in respect of Reval	-	-	-	-	-	-	-
Backlog Depreciation	237	-	-	-	-	-	237
<b>At 31 July 2018</b>	<b>2,749</b>	<b>-</b>	<b>3,867</b>	<b>3,121</b>	<b>203</b>	<b>290</b>	<b>10,230</b>
<b>Net book value At 31 July 2018</b>	<b>66,577</b>	<b>906</b>	<b>1,565</b>	<b>65</b>	<b>14</b>	<b>177</b>	<b>69,304</b>
Net book value At 31 July 2017	63,971	171	1,202	166	27	158	65,695

Land and buildings were last subject to a full revaluation at 31 July 2017 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Service in accordance with Department specifications. Indices provided by Land and Property Service were applied to the College's Land and Buildings to provide valuations at 31 July 2018. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.



### 13. Tangible Fixed Assets Continued

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

	2018	2017
	£'000	£'000
Cost	13,404	13,404
Aggregate depreciation based on cost	(3,351)	(2,974)
<b>Net book value based on cost</b>	<b>10,053</b>	<b>10,430</b>

The net book value of tangible fixed assets includes an amount of £0k (2017: £0k) in respect of assets held under finance leases.

The depreciation charge for the year is analysed as follows:

	2018	2017
	£'000	£'000
Owned assets	3,499	3,202
Assets held under finance leases and hire purchase arrangements	-	-
	<b>3,499</b>	<b>3,202</b>

### 14. Intangible Assets

	Assets Under Construction
	£'000
<b>Cost or valuation</b>	
At 1 August 2017	0
Additions	167
Disposals	0
<b>At 31 July 2018</b>	<b>167</b>
<b>Amortisation</b>	
At 1 August 2017	0
Charge for the year	0
Elimination in respect of Disposals	0
Impairment	0
<b>At 31 July 2018</b>	<b>0</b>
<b>Net book value At 31 July 2018</b>	<b>167</b>
Net book value At 31 July 2017	0

The net book value of the intangible asset under construction is a jointly owned and controlled asset among the six Further Education Colleges of Northern Ireland. The asset under construction is a Learner Management System that will be operated centrally for the sector. The intangible asset is funded in full through a capital grant from the Department for the Economy. The total cost is estimated at £2,263k.

### 15. Investments

The College does not have any subsidiary companies.

### 16. Trade and Other Receivables

	2018	2017
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade receivables	308	293
Prepayments and accrued income	362	467
Amounts due from the Department	882	502
<b>Total receivables</b>	<b>1,552</b>	<b>1,262</b>

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

	2018	2017
	£'000	£'000
Payments received in advance	225	242
Trade payables	166	868
Taxation and social security	860	808
Accruals and deferred income	2,479	2,596
Amounts owed to the Department	248	591
<b>Total</b>	<b>3,978</b>	<b>5,105</b>

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

	2018	2017
	£'000	£'000
Deferred Capital Grant Income	1,145	1,143
<b>Total</b>	<b>1,145</b>	<b>1,143</b>

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

	2018	2017
	£'000	£'000
Deferred Capital Grant Income	12,531	11,755
<b>Total</b>	<b>12,531</b>	<b>11,755</b>

**19. Provisions for Liabilities and Charges**

	2018	2017
	£'000	£'000
At 1 August	6,769	11,954
Expenditure in the period	732	733
Transferred to statement of comprehensive income	(3,425)	(5,918)
<b>At 31 July</b>	<b>4,076</b>	<b>6,769</b>

The provisions above relate to Pension provision – see Note 22.

**20. Endowment Reserves**

	2018	2017
	£'000	£'000
At 1 August	64	64
New endowments	0	0
<b>At 31 July</b>	<b>64</b>	<b>64</b>

**21. Cash and Cash Equivalents**

	At 1 August 2017	Cash flows	At 31 July 2018
	£'000	£'000	£'000
Cash and cash equivalents	6,608	(2,647)	3,961

**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**

	2018	2017
	£'000	£'000
NITPS: contributions paid	1,554	1,305
NILGOSC: Contributions paid	842	894
NILGOSC: FRS 102 (28) adjustments	567	457
NILGOSC: charge to the Statement of Comprehensive Income (staff costs)	1,409	1,351
Enhanced pension charge to the Statement of Comprehensive Income (staff costs)	2,963	2,656
<b>Total pension cost for year</b>	<b>2,963</b>	<b>2,656</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 2016.

**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).



## 22. Pensions and Similar Obligations Continued

The Public Service Pensions Act (Northern Ireland) 2014 provides for the closure of existing public sector pension schemes (including the NITPS) from 31 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.

The employer contribution rate increased to 17.7% from 1 April 2015.

The salary bands applicable to member contributions for the NITPS, based on a member's annual salary rate (actual earnings), from 1 April 2017 were:

Salary	
Up to £26,259	7.4%
£26,260 to £35,349	8.6%
£35,350 to £41,914	9.6%
£41,915 to £55,549	10.2%
£55,550 to £75,749	11.3%
£75,750 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 2016 updated to 31 July 2018 by a qualified actuary.

### Principal actuarial assumptions

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

	At 31 July 2018	At 31 July 2017
Rate of increase of salaries	3.6%	3.5%
Rate of increase for pensions in payments/inflation	2.1%	2.0%
Discount rate for scheme liabilities	2.8%	2.6%
Inflation assumption (CPI)	2.1%	2.0%
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 2018	At 31 July 2017
<b>Retiring today</b>		
Males	23.3	23.2
Females	25.9	25.8
<b>Retiring in 20 years</b>		
Males	25.5	25.4
Females	28.2	28.1

## 22. Pensions and Similar Obligations Continued

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

	Value at 31 July 2018	Value at 31 July 2017
	£'000	£'000
Equities	22,790	24,739
Bonds	8,541	3,701
Property	3,805	3,301
Cash / Other	2,163	1,600
<b>Fair Value of Assets</b>	<b>37,299</b>	<b>33,341</b>

### Amounts recognised in the balance sheet

	2018	2017
	£'000	£'000
Scheme assets	37,299	33,341
Scheme liabilities	(41,375)	(40,110)
<b>Deficit in the scheme (net pension liability recorded within pension provision)</b>	<b>(4,076)</b>	<b>(6,769)</b>

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

### Amounts included in staff costs

	2018	2017
	£'000	£'000
Employer service cost (net of employee contributions)	1,409	1,235
Past Service Cost	0	116
<b>Total</b>	<b>1,409</b>	<b>1,351</b>

### Analysis of pension finance costs

	2018	2017
	£'000	£'000
Expected return on pension scheme assets	871	798
Interest cost	(1,036)	(1,074)
<b>Net charge to other finance costs</b>	<b>(165)</b>	<b>(276)</b>

### Analysis of other comprehensive income for pensions

	2018	2017
	£'000	£'000
Actuarial gains on pension scheme assets	2,804	(842)
Actuarial (losses)/gains on the scheme liabilities	621	6,760
<b>Total of other comprehensive income</b>	<b>3,425</b>	<b>5,918</b>

### Movement in (deficit) during the year

	2018	2017
	£'000	£'000
Deficit in scheme at 1 August	(6,769)	(11,954)
Movement in the year:		
Employer service cost (net of employee contributions)	(1,409)	(1,235)
Employer contributions	842	894
Net interest on assets	(165)	(276)
Past Service Cost	0	(116)
Actuarial gain/(loss) recognised in other comprehensive income	3,425	5,918
<b>Deficit in scheme at 31 July</b>	<b>(4,076)</b>	<b>(6,769)</b>



## 22. Pensions and Similar Obligations Continued

### Asset and liability reconciliation

	2018	2017
Reconciliation of liabilities	£'000	£'000
<b>Liabilities at start of period</b>	<b>40,110</b>	<b>45,016</b>
Service cost	1,409	1,235
Interest cost	1,036	1,074
Employee contributions	270	240
Actuarial (gain)/loss	(621)	(6,760)
Benefits paid	(829)	(811)
Past Service Cost	0	116
<b>Liabilities at end of period</b>	<b>41,375</b>	<b>40,110</b>

	2018	2017
Reconciliation of assets	£'000	£'000
<b>Assets at start of period</b>	<b>33,341</b>	<b>33,062</b>
Expected return on assets	871	798
Actuarial gain/(loss)	2,804	(842)
Employer contributions	842	894
Employee contributions	270	240
Benefits paid	(829)	(811)
<b>Assets at end of period</b>	<b>37,299</b>	<b>33,341</b>

The estimated value of employer contributions for the year ended 31 July 2019 is £910k.

### History of experience gains and losses

	2018	2017	2016	2015	2014
Difference between the expected and actual return on assets					
Amount £'000	N/A	N/A	N/A	1,361	(5,252)
Experience (losses)/gains on liabilities*					
Amount £'000	N/A	N/A	N/A	169	(1,318)

\* 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. Events After the End of the Reporting Period

There are no events after the end of the reporting period to report.

## 24. Capital Commitments

Provision has not been made for the following capital commitments at 31 July.

	2018	2017
	£'000	£'000
Commitments contracted for at 31 July	992	0
Authorised but not contracted at 31 July	0	0
<b>Balance at 31 July</b>	<b>992</b>	<b>0</b>

## 25. Financial Commitments

There were no financial commitments at 31 July 2018.

## 26. Contingent Liabilities

The College has a possible obligation in relation to outstanding pay revalorisation (cost of living increases) for those staff who are contracted under the 'Contract for Lecturers' and Other Senior Staff.

The possible obligation relates to the following periods 2015/16, 2016/17 and 2017/18, with the main issue of uncertainty being affordability.

It is not possible to make a reliable estimate of the financial effect of the possible obligation as at 31 July 2018.

## 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 Continued

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

Governor/ Senior Manager	Related organisation	Position in related organisation	Amount paid (Income) 2017/18 £'000	Amount paid (Income) 2016/17 £'000	Nature of transactions	Amount outstand- ing at 31 July 2018 £'000	Amount outstand- ing at 31 July 2017 £'000
Mrs Isobel Allison	Chartered Ins of Personnel & Development	Fellow	-	2	Licence fees	-	-
Mrs Judith Eve	Appeals Service (Dept for Communities NI)	Legal Chairman	(17)	(159)	Project	-	-
Mr Mel Higgins (Chief Operating Officer)	Chartered Accountants Ireland	Member	-	-	Trainee Accountant Fees	2	-
Mr William Hutchinson	Belfast City Council	Member	-	(1)	Course Fees	-	-
Ms Yvonne Mallon	RLC(UK) Systems and Structures Division	Head of HR	-	1	Car Parking Course Fees	-	-
Mrs Gillian McConnell	Dominican College Fortwilliam	Special Needs Support	-	-	Course fees	-	(6)
Mr Ken Nelson	Invest N.I.	Member of the Board	(20)	-	Innovation Vouchers	(5)	-
	Stranmillis University College	Member of the Board	(16)	10	Course Fees	-	-
	Chain HR Ltd	Volunteer Member of the Board	-	1	Course Fees	-	-
	Intertrade Ireland	Chairman	-	(7)	Course Fees	(6)	-
Prof Terri Scott (Principal)	Intertrade Ireland	Board Member	-	(7)	Course Fees	(6)	-

## 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.

	2018 £'000	2017 £'000
Balance – Opening	3	125
DfE grants	156	23
	<b>159</b>	<b>148</b>
Disbursed to students	(161)	(145)
<b>Balance (overspent)/unspent at 31 July</b>	<b>(2)</b>	<b>3</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.

	2018 £'000	2017 £'000
DfE Care to Learn grant	30	45
Disbursed to students' childcare providers	(30)	(45)
<b>Balance at 31 July</b>	<b>-</b>	<b>-</b>

## 29. Losses and Special Payments

There were no losses or special payments exceeding £1,000 for the year. (2016/17 £0)

Total claims abandoned for the year related to bad debt written of totalling £4.6k in relation to 165 cases. (2016/17 £3k, 150 Cases)

### 30. 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	2018	2017
		£'000	£'000
<b>Income</b>			
DfE income (non grant in aid items)	1 /30a	103	367
Education contracts	2	3,603	3,640
Tuition fees and charges	3	1,990	2,215
Other grant income	4	364	381
Other operating income	5	393	739
Endowment and Investment income	6	3	52
<b>Total incoming resources</b>		<b>6,456</b>	<b>7,394</b>
<b>Expenditure</b>			
Staff costs	8	(20,864)	(20,588)
Fundamental restructuring costs	8	(3)	(187)
Other operating expenses	10	(8,385)	(8,517)
Depreciation	12	(3,499)	(3,202)
Interest and other finance costs	11	(165)	(276)
<b>Total resources expended</b>		<b>(32,916)</b>	<b>(32,770)</b>
Exceptional item	1	(1,070)	0
<b>Net deficit for the year</b>		<b>(27,530)</b>	<b>(25,376)</b>
Unrealised surplus/(deficit) on revaluation of land and buildings		5,118	4,626
Actuarial (loss)/gain in respect of pension scheme		3,425	5,918
<b>Amount transferred to reserves</b>		<b>(18,987)</b>	<b>(14,832)</b>
<b>Analysis of reserves prepared under FReM</b>			
		<b>2018</b>	<b>2017</b>
		£'000	£'000
Balance at 1 August		49,936	40,489
Grant in aid received in year	1	23,450	24,279
Amount transferred to reserves		(18,987)	(14,832)
<b>Balance at 31 July</b>		<b>54,399</b>	<b>49,936</b>

#### Note 30a

DfE income (non-grant in aid items)	2018	2017
	£'000	£'000
EMA	29	31
Higher Level Apprenticeships	74	336
<b>Balance at 31 July</b>	<b>103</b>	<b>367</b>

#### Note 30b

Reconciliation of amount transferred to reserves and grant in aid	2018	2017
	£'000	£'000
Amount transferred to reserves	18,987	14,832
Add back: total comprehensive income for the year	4,463	9,447
<b>Grant in aid received in year</b>	<b>23,450</b>	<b>24,279</b>





# NORTHERN

Regional College



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