

North West Regional College Annual Report and Accounts

Year Ended 31 July 2019



north west
regional college

Derry-Londonderry • Limavady • Strabane



NORTH WEST REGIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2019

The Accounting Officer authorised these

Financial statements for issue

on

November 2019

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

17th December 2019

NORTH WEST REGIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2019

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Strategic Report

Nature, Objectives and Strategies

The Governing Body members present their report and the audited financial statements for the year ended 31 July 2019.

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 (NDPB).

Colleges have been granted charitable status by the HM Revenue and Customs.

Mission Statement

We provide quality education that supports the creation of more jobs and fosters a culture of lifelong learning for work.

Corporate and Business Planning

Our Purpose & Strategy

Our purpose at NWRC is 'Making Lives Better'. This is especially important given our challenging socio-economic environment, which is still being impacted by the economic downturn. Despite the fact that unemployment is falling and our economy is growing, we have the highest claimant count and the highest rates of economic inactivity in NI within our city and region. Five out of the top ten most deprived super output areas (SOAs) are within our catchment area.

The College's vision, mission and values confirms its commitment to students, business, the community and the staff. The College aims to create a great place to work and learn and in doing so positively impact on the health and wellbeing for staff and students.

The 2019-2020 College Development Plan provides a clear vision of the College strategy, taking cognisance of the current baseline position, while supporting the delivery of an outcome based Programme for Government, the NI Industrial Strategy and the Further Education Means Success Strategy. For 2018 - 2019 the College performance was measured on an Outcome Based Accountability model.

The industry standard learning and teaching facilities on our campuses provide aspirational environments for learning and we continue to be well placed to take on the challenge of enhancing the skills set of the population of the city and region.

The College effectively resources all provision and develops staff through Continuous Professional Development to ensure currency of skills and quality of delivery. We aim to develop and maintain a College community whose skills and expertise are compatible with the changing demands of the wider educational, industrial and economic environment.

We recognise that the development of skills must be managed to ensure that the skills output matches the future needs of employers and society, especially in the area of technology transfer. The College is engaged in the ongoing development of a learner centred curriculum that is focussed on skills development. We are proud of our long history of providing curricular choice and opportunities for all.

Our Curriculum:

Major curriculum reform to NI's professional and technical education and training frameworks is underway. The College recognises the key role that it has to play if we are to realise the vision that the Further Education (FE) sector will be recognised locally, regionally and internationally for high quality and economically relevant education and training provision.

Through our professional and technical curriculum, offered at level 1 and above we are supporting the rebalancing and rebuilding of the Northern Ireland economy. Our curriculum within all professional and technical areas is broad, diverse and tailored to meet the education and training needs of the relevant sectors. The curriculum plan has been informed by our strategic priorities as well as a number of other key Department for the Economy (DfE) strategies and publications.

During the year a number of programmes were revalidated including Foundation Degree in Software Development, Information Technology, Foundation Degree in Medical and Applied Science, Foundation Degree in Sport, Foundation Degree in Mechanical Engineering and Foundation Degree in Electrical Engineering. A new Foundation Degree in International Hospitality and Tourism was validated within a consortium arrangement with four other Colleges in the sector. These validations and revalidations effectively refreshed the curriculum and further aligned the curriculum to employer needs.

The College plays a central role in the delivery of Local Government Community Planning in both Derry City & Strabane District Council (DCSDC) and Causeway Coast and Glens Borough Council (CCG). It is a strategic partner with DCSDC and other key stakeholders in City Deal for the Derry~Londonderry City Region. The College, in support of DCSDC, is committed to the further expansion of Apprenticeships to include Higher Level Apprenticeships (HLAs) and the College also plays a leading role in realising the ambition to become a UNESCO Learning City.

There is also momentum in the city and region around health excellence as a strategic economic competence. The College, designated as the 'Hub' for the FE Sector in Health and Social Care, will lead on curriculum development from Level 1 – Level 5 in this vocational area.

Our College's role in supporting the widening access and participation agenda in the City region is widely recognised and we remain committed to providing a curriculum that supports the participation of learners with learning difficulties and disabilities, those from under-represented groups in society and those not in employment, education or training (NEETs). The College will continue to work in partnership with the Prince's Trust to offer the highly successful TEAM programme across all three College campuses and further develop the sector wide College Connect programme.

The College's economic engagement continues to be outward facing and is unlocking the potential of the city and region to create prosperity. The Business Support Centre, which manages economic engagement and economic development, is central to supporting businesses with skill acquisition and innovation awareness to assist them to move up the skills and innovation escalator. The College currently has three Innovation Centres – Foodovation, Product Design Centre and a Design Innovation for Assisted Living (DIAL) Centre with a fourth Innovative Virtual Augmented Reality (VAR) Centre – Immersive Lab proposed. These innovation centres are industry facing and link with curriculum through applied research, idea generation, prototype development and proof of concept.

As one of two 'STEM Assured' accredited Colleges in NI and the Lead College in Creative and Cultural Skills, the College continues to be a success achieving numerous awards. Most recently, the Careers Academy Team won a prestigious AOC Beacon Award for 'Careers Education and Guidance'.

The College will continue to strive to achieve its purpose and objectives for Making Lives Better for all of its stakeholders as the primary provider of professional and technical education and training in the North West region.

Enrolment Results 18/19

In 2018/2019 the College had a total target of 17,952 enrolments-table below shows actual performance against target.

HE FIGURES

	Target	Actual
HE FT	710	568
HE PT	709	542
Total	1419	1110

	Target	Actual
HLA	77	76

FE FIGURES

	Target	Actual
FE FT	2280	2273
FE PT	9945	10122
Total	12225	12395

TFS/APPNI FIGURES

	Target	Actual
TFS FT	387	266
TFS PT	774	386
APPNI	364	412
APPNI PT	0	6
Total	1525	1070

ESK FIGURES

	Target	Actual
ESK (TFS)	652	612
ESK (FE)	2012	1695
ESK (APPNI)	42	71

¹ FLU Extract 18th September 2018

The Maximum Student Numbers (MaSN) target for HE enrolments was not achieved largely due to the following –

- Unconditional offers in England
- Declining demographics in the region
- Local universities dropping their entry criteria

The FE targets for FT was close to being achieved (-7) and the PT figure was exceeded by 177.

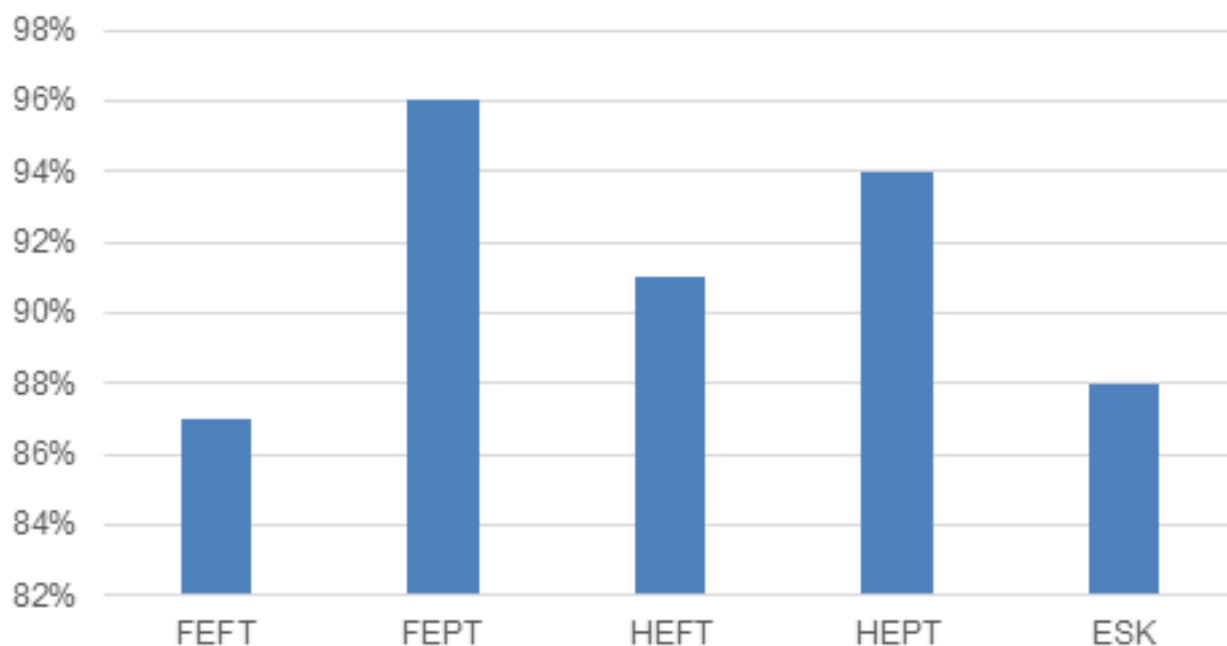
ESK in TFS and FE were below target. This was largely due to a decline in numbers undertaking ESK in Magilligan (as many had already achieved their ESK). Also, the decline in TFS enrolments lead to lower than expected ESK enrolments.

ESK in APPNI achieved well above target (+29) – due to increased enrolments in APPNI.

In the key areas of STEM and STEAM and Externally Regulated Provision, the College delivered 20% of this priority skills provision and 89% accredited.

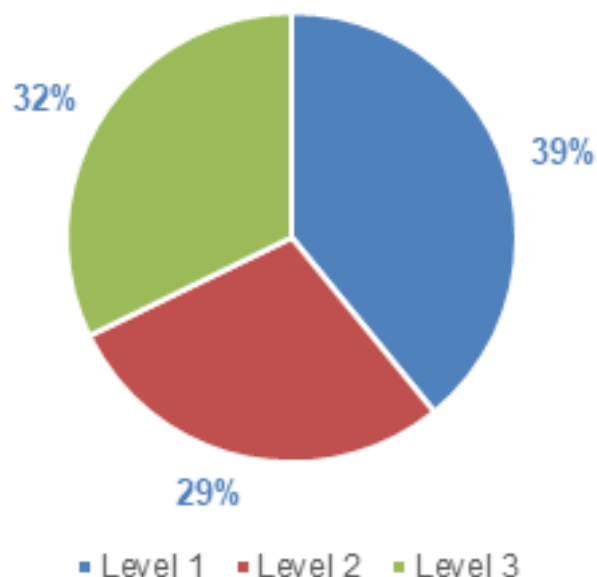
Retention for the College in funded courses is 87%¹ for FE Full Time, 96%¹ for FE Part Time, 91%¹ for HE Full Time, 94%¹ for HE Part Time and 88% for Essential Skills.

Consolidated Data Return 18/19



The combined Level 2 and Level 3 provision contributes to 61% of FE provision.

Education Report Card at 31 July 2019



The primary focus of the NI Programme for Government is the economy; this correlates with the requirement for quality education and skills training, improving the skills level of the population and increasing the number of people working in good jobs. Therefore, NWRC will continue to provide opportunities for the people of the city and region to retrain, develop new skills and diversify in order to change career. NWRC will continue to play a key role in providing individuals with the ability to upskill/reskill and move across sectors as economic needs change with the North West City Region.

Despite the very challenging environment in the city and region, NWRC sits at the heart of the professional and technical education system and has played a key role in providing individuals within our catchment area with the ability to upskill/reskill and move across sectors as economic needs change. In determining our future curriculum offer, cognisance must not only be taken of our strategic priorities to generate a strong and vibrant economy but also of our requirement to address educational disadvantage and levels of deprivation by continuing to promote social inclusion.

¹ CDR Extract 27th August 2019

Employer Engagement

The ambitious targets for business engagement were met and exceeded in almost all areas.

	Target	Actual
Skills Focus (no. of Businesses supported)	350	325
InnovateUs (No. of projects)	60	76
Innovation Vouchers	25	29
KTPs	1	3
Fusions	24	38
Academies (No. of companies)	0	11

Whilst the number of businesses supported under the Skills Focus Programme was slightly down on target the project was very successful and the financial support offered from DfE was fully expended – there was a focus on higher level and higher value qualifications.

Significant progress was made in developing our support to businesses under the Academy model. The College played a significant role in supporting InvestNI supported companies bringing significant employment to the North West.

All innovation targets were met and this is a significant reflection in our investment in staff and innovation centres such as Foodovation and the Product Design Centre in Limavady.

Financial Objectives

The College's financial objectives are:

- Balanced budget – the College aims to live within the DfE budget allocated for the April –March fiscal year which it did. For the year to 31 July 2019, the College is reporting an historic deficit of £1,240k before the exceptional payment (see below)
- Cash days of between 20-40 –actual cash days for 2018/19 is 28 days
- Debtor days of between 0-30 – actual debtor days for 2018/19 is 16 days
- Unqualified External Audit report – expecting unqualified report for these Financial Statements
- Internal Audit assurance rating of Satisfactory over the system of internal control within the College

Financial Results

The College incurred an operating deficit on continuing operations after depreciation of assets at valuation and before exceptional items of £2,443k (Deficit in 2018 of £490k). The historic deficit in the year before exceptional items was £1,240k after charging £1,628k of pension costs as a result of the FRS17 adjustment (Historic surplus in 2018 of £469k). The historic surplus before the FRS17 adjustment would have been £388k (Historic surplus in 2018 of £1,194k). Under FRS102, there is no Statement of Recognised Gains & Losses so the actuarial gain/loss in respect of the pension scheme and revaluation of land & buildings now form part of the Statement of Comprehensive Income. This results in an overall deficit for the year of £5,374k (Surplus in 2018 of £5,011K) after the exceptional payment of £3,616k. This relates to two issues: £3,055k of College reserves used to fund capital projects; and £561k repaid to DfE during the year to assist in bringing cash reserves to the appropriate level as outlined in the Financial Memorandum.

The movement from the 2018/19 College Development Plan and the final outturn is explained by movements to a number of key account headings. The material favourable/unfavourable variances included - £2,209k increase in DfE grants of which £479k is a result of the new funding model introduced in April 2018 and £1633k relates to the funding of the Voluntary Exit Scheme; £140k decrease in Education Contracts; £122k increase in fee income; £502k decrease in Other Grant Income due to changes in start dates for some European projects; £17k increase in Other Operating Income; increase of £248k in Teaching staff costs due to payrise awarded in March 2019 for backdated to 2015-16; £145k decrease in Technician staff costs; £232k decrease in Administration staff costs; £465k decrease in Non-Pay Direct Support costs of which £120k relates to a reduction in Trainee payments and £270k relates to European projects.

Buildings were subject to Indexations of 2.1% at 31 March 2019 and a further indexation of 3.4% at 31 July 2019 provided by Land and Property Services.

The Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) pension liability increased from £2.9m to £7.3m. The pension charge for the year includes a past service cost of £912k relating to the McCloud Judgement (£833k) and the Guaranteed Minimum Pension (GMP) indexation and equalisation (£79k) as detailed per note 21.

The College has significant reliance on DfE for its principal funding source, largely from recurrent grants. In 2018/19 DfE provided 60% (2017/18 - 62%) of the College's total income through allocated recurrent grant.

Reserves

The College has accumulated reserves of £35,023k and cash balances of £4,397k.

Finances and 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.

Treasury Policies and Objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate Investment Policy in place that complies with DfE Financial Memorandum.

The purpose of the policy is to provide the College with specific guidelines as to the period of investments, diversification of institutions, and aiming to attain the best rate of return on any investments.

Cash Flows

The College has a £2,323k operating cash outflow for the year. (2018 - £3,940k outflow).

Liquidity

As per the balance sheet the College's liquidity is in line with the Financial memorandum.

Interest Rate Risk

The College has an investment policy agreed by the Governing Body. Interest rates have dropped significantly and this has had a material impact on investment income.

Student Activities and Achievements

The College full-time FE student enrolments saw a decrease between 2017/2018 and 2018/2019 due in the main to the continuing declining demographics in the North West.

- Full-time gross FE Main College Provision enrolments decreased by 5.6% to 2,273¹
- Full-time Maximum Student Numbers (MaSN) HE enrolments decreased by 13.5% to 568¹
- Full-time Training For Success/ApprenticeshipNI gross enrolments increased by 8.7% to 678¹
- Part-time gross enrolments increased by 3.2% to 11,132¹

Curriculum

The College offers education and training programmes at Levels 1-6 across a wide range of professional and technical areas. In 2018/2019 there were 9,875 students enrolled on its programmes across all campuses, including outreach.

The Higher Education provision accounts for 8% of the total College Enrolment count excluding essential skills. The total Further Education Enrolment count was 15,843 (including Ess Skills and TFS/APPNI). As part of the Entitlement Framework provision offered to post-primary schools, there were 66 course offerings with 750 enrolments across three area learning communities.

Some 21% of students attended on a full-time basis. Within the full-time cohort of students, 51% of students were male and 49% were female. The College also delivered Work Based Learning in 20 vocational areas as part of the Training for Success, Apprenticeship NI and Youth Training programmes. 9.3% of FE full-time students had a learning disability and were supported in their learning within mainstream provision.

Higher Level Apprenticeship (HLA)

NWRC continued to offer HLA courses in:

- Accountancy
- Hospitality & Tourism Management
- Mechanical Engineering
- Software Development
- Travel & Tourism Management
- Digital Marketing
- Electrical and Electronic Engineering

And introduced:

- Civil Engineering
- Leadership in Children's Care, Learning & Development

Youth Training Level 2 and Apprenticeship Level 3 (pilot)

NWRC continued to offer Youth Training Level 2 courses in the areas of:

- Motor Vehicle

New Apprenticeships Level 2 in:

- Pharmacy

1 CDR Extract 27 August 2019

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 the Treasury for payment to suppliers within 30 days is 95%.

During the accounting period 1 August 2018 to 31 July 2019, the College paid 93% of its invoices within 30 days (2017/18 - 91%). The College incurred no interest charges in respect of late payment for this period.

The Northern Ireland Executive is committed to paying suppliers promptly - within 10 working days. During the accounting period 1 August 2018 to 31 July 2019, the College paid 88% of its invoices within 10 days. (2017/18 – 73%)

Events after the end of the Reporting Date

There have been no significant events after the end of the reporting date.

Future Developments

The College recognises the financial challenges that the public sector will face in the coming years. A significant percentage of funding comes from Recurrent Grant from the Department for the Economy. BREXIT has created uncertainties and may impact adversely on the curriculum provision. In addition, demographic statistics suggest that it will be difficult to maintain student numbers at the levels achieved in recent years.

The implementation of the Estates Strategy is vital. The works at the Springtown campus that commenced in 2018 will complete in early 2020.

RESOURCES:

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

Estate:

The value of the main College sites are as follows:

Building	Value
	£'000
Foyle Building	16,640
Strand Road	20,378
Limavady	9,085
Northland	10,206
Centre for Technology	7,185
Strabane	2,044
Springtown	671

Financial:

The College has £35million of net assets (including £7million pension liability).

People:

The College employs 588 people (expressed as full time equivalents), of whom 318 are teaching staff.

Sickness/ Absence Data	2018-19	2017-18
No of days absent	6655	5697
Time Lost	4.3%	3.8%
Average Day Lost per employee	8.4 days	7.5 days

Reputation:

NWRC is the main provider of professional and technical education and training in the North West, NWRC plays a central role in up-skilling and re-skilling the population through the delivery of an economically focussed curriculum from Level 0 - Level 6.

In the latest inspections of the College the Education and Training Inspectorate stated that in the professional and technical areas inspected the quality of education and training provided across the College is good. The latest scrutiny inspection of the Self Evaluation Report (SER) process was graded “Confident”. The latest quality review carried out by QAA on the HE provision at NWRC resulted in a “Confident” grade.

Name of Inspection	Overall Grade
ETI Inspection Report – Training for Success and Apprenticeships NI provision	Good
ETI Scrutiny Inspection of the Self-Evaluation and Quality Improvement Planning Processes	Confident
QAA – Quality Review Visit	Confident

The College is committed to improving its performance on a continuous and systematic basis and a plan has been completed to support the revised improvement targets set by the College Governing Body. A new vision has been agreed “Making Lives Better”. As part of the improvement process each curriculum and support area produces an annual self-evaluation report. In the latest Scrutiny Inspection, the Education and Training Inspectorate had confidence of the Self Evaluation Processes, with the high priority given to promoting continuous quality improvement across the College highlighted as a strength. ETI Report in May 2019 stated that “The quality improvement planning process has been revised and strengthened and is more effective. Training has been provided for staff on the analysis and use of data to inform self-evaluation and more specific targets have been set for improvement by which progress can be, and is, more robustly measured.”

The new arrangements for higher education with the publication of a new Operating Model for the governance and review of higher education came into effect in 2016. There are a number of internal committees for the academic oversight of all College provision which include Further Education, Higher Education and Work Based Learning in addition to awarding body verification reports.

The College has a good reputation with its students and the student voice is integral to the ethos at the College. Surveys are carried out across Further and Higher Education for both employers and students and feedback is received from a range of stakeholders. Pastoral care is a significant strength within the College and is highlighted as such in the majority of inspection reports and by student feedback. The results in most areas have either stayed the same or improved in comparison to the last two surveys for example students found that ‘induction helped them to settle into the College’ increased by 2%, and the number who ‘had timetable made clear to them’ has risen by 4%. There has also been a significant rise of 5% in the number that agree that ‘expected standards of work were made clear to me’.

The College is committed to working with all of its stakeholders to improve the skills mix of the workforce in Northern Ireland and enhance the economic environment.

During the year Internal Auditors graded 7 reports satisfactory and the overall end of year report was graded as Satisfactory.

Summary of College highlights from 2018-19:

- Our Careers Academy Team won the prestigious AoC (UK) Beacon Award for excellence in Careers Education and Guidance; and the Inspiring Talent Award at Irish News Workplace and Employment awards.
- Our Strabane Campus agreed a partnership with local agencies in the area to become a Community Employability Hub, to help local people develop job prospects.
- Our Greystone Campus became the first College in NI to launch a Recycling and Waste Management course – offering students a direct route into employment.
- Springtown Student Declan Porter was selected to represent Team UK in Automotive Technology at Worldskills Finals in Kazan.
- NWRC secured €1.26 million of Erasmus+ funding, the highest figure received by any college in Northern Ireland and the second highest of any college in UK.
- Five students from NWRC were chose to star in the West End production of Evita.
- Early Years graduate Aine McFadden was a finalist at the 2019 British Education Awards.
- Two Civil Engineering graduates, Derek Kelly and Graeme Black made it into the final eight of the Plant and Civil Engineering student awards.
- Sports student Emma McGilloway won her ninth successive Gold medal in Kickboxing, competing at the World Championships in Dublin.
- Apprentice Ryan Carlyle won a Silver Medal after competing at the 2018 Worldskills UK skills show in Birmingham.
- NWRC hosted its first ever Women in STEM conference which featured speakers currently working in the fields of Digital, Science, Technology, Engineering and Maths. The College also retained its STEM Assured status – another 4 year status bestowed.
- £6.5m redevelopment funding secured from Department for Economy for the refurbishment of our Springtown campus.
- Student Katherine Wilkinson was named NI Travel & Tourism Student of the Year.
- NWRC won the Best Use of Marketing, and Best Contribution to the NW Economy Awards at the 2019 North West Business Awards.
- NWRC won the Excellence in Public Sector Workplace Wellbeing award at the Inspire Workplaces awards.
- NWRC signed a of Memorandum of Understanding with Community College Philadelphia.
- NWRC signed a of Memorandum of Understanding with Dalian Vocational and Technical College China.
- Nine Department for the Economy sponsored Assured Skills Academies were delivered by NWRC in 2018-19 – Danske, Alchemy, FinTru.

Risk Management

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

The Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent appraisals will review their effectiveness and progress against risk mitigation actions. In addition to such reviews, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed by the Audit and Risk Committee. This is reviewed twice per year and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Main Risk – Student Enrolments and Funding

Given the pressures on the wider public finances, cuts to the block grant in the coming years must be considered. The allocation for 2018/19 is in line with 2017/18, however there are indications that funding in subsequent years will be reduced. Reduced enrolments and the impact of BREXIT (as yet unknown) may impact on funding. In excess of 10% of employees and 12% of enrolments reside in the Republic of Ireland. In the case of a No Deal Brexit, the College is uncertain of the implications for both staff and students.

Stakeholder Relationships

In line with other Colleges and with universities, North West Regional College has many stakeholders. These include:

- Students;
- Staff;
- Department for the Economy (previously the Department for Employment and Learning);
- Other Government departments;
- Local employers;
- Local Councils;
- Local Strategy Partnerships;
- Local Enterprise Agencies;
- Other FE Colleges;
- Local Universities;
- Post-Primary Schools;
- Trade Unions;
- The local community;
- Professional Bodies.

The College recognises the importance of these relationships and engages in regular communication with them.

The College considers good communication with its staff to be very important and regular meetings are held. The College encourages staff and student involvement through various means such as membership of the Governing Body.

Equality of Opportunity and Employment of Disabled Persons

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

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

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

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

Disability Statement

The College is committed to the provision of high quality education and training for the community it serves. The College welcomes applications from students with disabilities. All reasonable efforts to meet individual students' needs will be made through teaching support, student services and the learning support service.

In carrying out the principal roles and functions, the College will endeavour to promote equality of opportunity among those with disabilities in accordance with Section 75 of the NI Act 1998. In addition, the College will ensure the obligation in accordance with the Disability Discrimination Act 1995 will be adhered to and reasonable adjustment considered where necessary.

The College also takes account of the Special Educational Needs and Disability Order 2005 (SENDO).

The College has a detailed Disability Action Plan which covers the following areas:

- Encourage students with a disability to participate more fully in College life.
- Increase awareness of specific barriers faced by people with a disability including through linking in with National Awareness days or weeks.
- Promote the use of AccessAble website to encourage participation of prospective students.
- Create an open and inclusive workplace culture which displays respect for those with mental ill health
- Explore the scope of offering meaningful placements and work shadowing and volunteering for people with a disability.
- Introduce training for front line staff on disability etiquette and relevant legislation dealing with disability and the provision of goods, facilities and services.
- Consider development of a (Sectoral) Disability Advisory Group that could involve staff and students.
- Increase number of students with a disability entering the College.
- Monitor and review the progress of the Disability Action Plan.

Disclosure of Information to Auditors

These accounts are subject to audit by statute 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 was no data related incidents reported to the Information Commissioner's Office (ICO) during the academic year.

Charitable and Taxation Status

The College has charitable status with the 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: Comptroller and Auditor General for Northern Ireland
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

Internal Auditors: Grant Thornton
12-15 Donegall Square West
Belfast
BT1 6JH

Bankers: Danske Bank
Corporate Banking
P.O. Box 183
Donegall Square West
Belfast
BT1 6JS


Members

The members who served the Governing Body during the year to 31 July 2019 were as follows:

NAME	DATE OF APPOINTMENT/ RE-APPOINTMENT	TERM OF OFFICE	DATE OF RESIGNATION/ APPOINTMENT ENDED	STATUS OF APPOINTMENT	COMMITTEES SERVED	GOVERNING BODY ATTENDANCE. 8 MEETINGS HELD 2018
Mr S Atcheson	12/01/2015	4 yrs	11/01/2019	Education Authority Nominee	AC, SC	2(3)
Mr P Canavan	01/07/2019	4 yrs		Member	EC, FC	7(8)
Mr M Cooper	24/11/2014	4 yrs	23/11/2018	Education Authority Nominee	FC, SC	1(2)
Mrs R Dougherty	04/04/2016	4 yrs		Member	AC, SC	7(8)
Mr G Finnegan	01/07/2019	4 yrs		Chair		7(7)
Mr S Gillespie	14/12/2015	4 yrs		Co-opted	EC, FC	3(8)
Dr N Hand	09/01/2017	4 yrs		Member	AC, SC	7(8)
Mr E Kelly**	12/11/2018	**		Student	EC	4(6)
Mr G Killeen*	01/08/2019	9 mths		Vice Chair	AC, EC	7(8)
Mr P Laughlin	01/08/2015	4 yrs	31/07/2019	Member	AC, SC	7(8)
Mrs C McFarland	01/07/2016	4 yrs		Member	AC, SC	2(8)
Mr S McGregor*	01/08/2019	9 mths		Member	EC, FC	7(7)
Mr A Magee	21/07/2016	4 yrs		Support Staff	EC, FC	6(6)
Mr L Murphy	05/05/2014	***		Principal & CEO	EC, FC, SC	7(7)
Mr M O'Kane	01/07/2016	4 yrs		Member	EC	5(8)
Dr M O'Neill	07/06/2017	4 yrs		Co-opted	AC, EC	6(8)
Mr B Quinn	01/08/2019	4 yrs		Member	EC, FC	6(8)
Mrs L Taggart	26/01/2018	4 yrs		Academic Staff	EC, FC	5(7)

- AC - Audit and Risk Committee
 EC - Education Committee
 FC - Finance and General Purposes Committee
 SC - Staffing Committee
 * - Extension of second term of appointment - interim arrangement
 ** - Term of Office completes on 30/09/2019 or until the date on which he ceases to be a student at the College, whichever first occurs
 *** - The Principal is a member of the Governing Body while he holds the office of Principal
 () - Number of meetings members were eligible to attend

For and on behalf of the members of the Governing Body


 Mr G Finnegan
 Chair

13 November 2019
 Date

Remuneration Report

Members of the Governing Body

Members of the Governing Body and the Chairman are appointed in accordance with the Code of Practice of the Office of the Commissioner for Public Appointments for Northern Ireland.

The Members of the Governing Body and the Chairman are appointed for a fixed period of up to four years. Thereafter they may be re-appointed in accordance with the Code of Practice.

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

The remuneration of Governing Body members (excluding staff members) was first introduced by the Department from 1st January 2016. There are no arrangements in place for the payment of a bonus.

The remuneration of Chairman and Board members is as follows:

	2018/19		2017/18	
	Salary and Allowances	Benefits in Kind	Salary and Allowances	Benefits in Kind
	£'000	£'000	£'000	£'000
Mr G Finnegan (Chair)	20-25	-	20-25	-
Mr S Atcheson	0-5	-	0-5	-
Mr G Killeen	0-5	-	0-5	-
Mr P Laughlin	0-5	-	0-5	-
Mr S McGregor	0-5	-	0-5	-
Mr M O'Kane	0-5	-	0-5	-
Mr P Canavan*	0	-	0	-
Mr M Cooper*	0	-	0	-
Mr S Gillespie*	0	-	0	-
Mrs C McFarland*	0	-	0	-
Mr B Quinn	0-5	-	0-5	-
Ms R Dougherty	0-5	-	0-5	-
Mr E Kelly	0-5	-	0-5	-
Mr N Hand	0-5	-	0-5	-
Dr M O'Neill	0-5	-	0-5	-

* Members who have chosen not to claim remuneration

The Principal & Chief Executive and Senior Management Team

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

The Principal & Chief Executive and Senior Management Team hold permanent appointments. Staff may be able to retire before state pension age with no diminution of earned pension benefits, depending on the terms of their pension. The Policy relating to notice periods is contained in the College's Staff Handbook.

Minimum pay levels

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

Progression

There is no incremental progression for the Principal & Chief Executive as he is paid on a one-point scale according to College size. However, if the College size increases he will automatically move to that new salary point.

At initial appointment, the Directors 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 Directors. If the College increases in size a Director will automatically move to the new relevant salary scale.

Performance Pay

There is no performance pay or related scheme for any Director.

Total reward package

Senior staff within Colleges have access to either the Northern Ireland Teachers' Pension Scheme (NITPS) or Northern Ireland Local Government Officers' Superannuation Scheme (NILGOSC).

Senior staff posts are based on 36 hours per week and post holders have access to the Colleges' Maternity Leave Scheme, Paternity Leave Scheme, Adoption Leave Scheme and Flexible Working arrangements.

All Senior Staff have 35 days holiday entitlement and a further twelve statutory and public holidays as recognised by the sector.

Service contracts

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

**NORTH WEST REGIONAL COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2019**

Salary and pension entitlements

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

Remuneration (Audited)

	2018/19				2017/18			
Senior Management	Salary £'000	Benefits in kind £	Pension benefits £'000*	Total £'000	Salary £'000	Benefits in kind £	Pension benefits £'000	Total £'000
Mr L Murphy	110-115	Nil	26	135-140	110-115	Nil	27	135-140
Principal & Chief Executive								
Mrs K Duffy	80-85	Nil	8	85-90	80-85	Nil	3	80-85
Director of HR & Learner Services								
Mr P McKeown	80-85	Nil	16	95-100	80-85	Nil	13	90-95
Director of Finance & Economic Engagement								
Mr C Morrison	NIL	Nil	-	NIL	5-10	Nil	-	5-10
Director of International Development (left 31 August 2017)								
Mrs S Traynor Full Year Equiv.	55-60 75-80	Nil	16	70-75	75-80	Nil	132	205-210
Acting Vice Principal of Curriculum & IS – (from April 2017 – April 2019)								
Mrs D McElwee Full Year Equiv.	15-20	Nil	-	15-20	-	-	-	-
Acting Vice Principal of Curriculum & IS – (from May 2019)								

No member of the Senior Management Team received bonuses, overtime, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation.

Mr D Kinnaird was seconded from April 2017 to March 2019 to the Learner Management System Project. His Salary was in the range of £80-85k, Benefits In Kind were Nil and Pension Benefits were £14k. These costs were recovered in full through the secondment arrangement. His pension entitlements are shown in the table following as he remains a member of NWRC staff.

* 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.

	2018/19	2017/18
	£'000	£'000
Band of highest paid directors total remuneration	110-115	110-115
Median total remuneration	25,478	25,229
Ratio	4.4	4.5

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 staff received any benefits in kind.

Pension Entitlements (Audited)

Senior Management	Accrued pension at pension age as at 31/7/19 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/7/19	CETV at 31/7/18	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Mr L Murphy, Principal & Chief Executive	35-40 Plus lump sum of 115-120	0-2.5 Plus lump sum of 2.5-5.0	928	826	102
Mrs K Duffy, Director of HR & Learner Services	40-45 Plus lump sum of 80-85	0-2.5 Plus lump sum of (0-2.5)	826	784	16
Mr P McKeown, Director of Finance & Economic Engagement	25-30 Plus lump sum of 35-40	0-2.5 Plus lump sum of (0-2.5)	451	419	15
Mrs S Traynor, Acting Vice Principal of Curriculum & IS (from 9/04/17-30/4/19)	25-30 Plus lump sum of 60-65	0-2.5 Plus lump sum of (0-2.5)	486	498	(13)
Mrs D McElwee, Acting Vice Principal of Curriculum & IS (from 1/05/19)	20-25 Plus lump sum of 65-70	- Plus lump sum of -	510	-	-
Mr D Kinnaird, Vice Principal of Curriculum & IS (seconded 11/04/17 – 31/03/19)	40-45 Plus lump sum of 125-130	0-2.5 Plus lump sum of 2.5-5.0	1,032	939	93

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

National Employment Savings Trust (NEST) is a defined contribution workplace pension scheme which was set up to facilitate Automatic Enrolment as part of the workplace pension reforms under the Pensions Act 2008. The NEST Scheme is run by NEST Corporation which is a non-departmental public body that is accountable to Parliament through the Department for Work & Pensions.

There have been no enhanced pension benefits paid to any senior post holders in the College.

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.

**NORTH WEST REGIONAL COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2019**

Exit Packages

Exit packages were paid in the year as follows:

Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band
<£10,000	0 (2018: 1)	2 (2018: 0)	2 (2018: 1)
£10,000 - £25,000	4 (2018: 1)	0 (2018: 1)	4 (2018: 2)
£25,000 - £50,000	10 (2018: 1)	0 (2018: 0)	10 (2018: 1)
£50,000 - £100,000	12 (2018: 3)	0 (2018: 0)	12 (2018: 3)
> £150,000	1 (2018: 0)	0 (2018: 0)	1 (2018: 0)
Total Number of Exit Packages	27 (2018: 6)	2 (2018: 1)	29 (2018: 7)
Total Resource Cost	£1,641k (2018: £253k)	£2k (2018: £12k)	£1,643k (2018: £265k)

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Statement of the Responsibilities of the Governing Body

**NORTH WEST REGIONAL COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2019**

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

Within the terms and conditions of the Financial Memorandum agreed between the Department for the Economy (the Department) and the Governing Body of the College, the Governing Body through its Chairman, 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 results for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

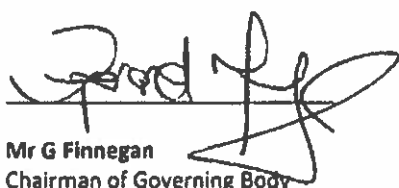
The Governing Body is also required to prepare an Annual Strategic Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

The Governing Body is responsible for ensuring that funds from the Department are used only in accordance with the Financial Memorandum agreed with the Department and other conditions which the Department may from time to time prescribe. The Governing Body must ensure that there are appropriate financial and management controls in place sufficient to safeguard public funds and ensure that they are used only in accordance with the conditions under which they have been made available. In addition, the Governing Body is responsible for securing the economic, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Department are not put at risk.

Approved by order of the Governing Body members on 13 November 2019 and signed on its behalf by:



Mr G Finnegan
Chairman of Governing Body

Statement of Corporate Governance and Internal Control

The following statement is given to assist readers of the financial statements to obtain an understanding of the Governance procedures applied by the Governing Body of the College.

The College is an incorporated body established under the Further Education (Northern Ireland) Order 1997. Like most public bodies it operates within a strong framework of regulation. Not only does the College comply with all mandatory requirements but it also strives to operate that guidance which represents best practice. The Board operates within the corporate governance code.

Summary of the College’s Structure of Corporate Governance

Governing Body

The College’s Governing Body is comprised of members appointed by the Minister for the Department for the Economy, staff and students of the College, the Principal & Chief Executive 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 & Chief Executive. The Governing Body is responsible for the on-going 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 eight times during the 2018/19 academic year. The Governing Body is supported by four Committees; a Finance and General Purposes Committee, an Audit and Risk Committee, a Staffing Committee and an Education Committee. All of these Committees are formally constituted with Terms of Reference and comprise mainly of members of the Governing Body.

At present the Board receives standing information for each meeting on key areas such as Finance, Human Resources and Performance. Briefing papers on other material issues are provided as they arise. The College aims to have all papers issued a week in advance of any Board meeting to allow members to review and, where appropriate, to raise questions in advance. The relevant business area can then be requested to attend, support discussions or be required to produce more detailed information in advance of the meeting.

All statistical and financial information is provided by professional qualified teams within the College. For example, all financial information is prepared and provided by the Management Accountant and the Director of Finance and Economic Engagement and is in accordance with the Financial Memorandum, Managing Public Money NI and relevant guidance from the Department for the Economy and the Department of Finance. Accordingly, the Board considers that it can take assurance as to the quality of the data it uses to inform decision making.

Full Minutes of Governing Body meetings are available from the Secretary of the Governing Body or on the College website. The Secretary to the Governing Body maintains a register of financial and personal interests of the Governing Body members and this is available for inspection.

Governing Body Evaluation

I consider that the Governing Body operated effectively during 2018/19, fulfilling its role as set out above.

A Governing Body Self-Assessment was facilitated by the FE Corporate Governance & Accountability Branch of the Department for the Economy for the year 1 August 2018 to 31 July 2019. The assessment took the form of a questionnaire to members on the following five themes:

• Personal Performance	• Governing Body Committees
• Governing Body’s Performance	• Training & Induction
• Governing Body Procedures & Composition	

The results from the questionnaire provide the Governing Body with an opportunity to obtain feedback on how they operate, as well as benchmark themselves against other Governing Bodies in the Sector. In summary, the outcome for 2018/19 evaluation was favourable for all statements within the five listed themes. The percentage of respondents who agreed/strongly agreed with each of the statements ranged from 83.3% to 97.2%.

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 2018/19 academic year to discuss reports from the External and Internal Auditors and the relevant responses. It also receives and considers reports from the DfE. 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 can meet with auditors on their own for independent discussions. The Chair of the Committee provides a report of Committee meetings to the Governing Body in support of the Minutes which are formally adopted by the Governing Body. It has formally agreed Terms of Reference, which are reviewed on an annual basis.

Finance and General Purposes Committee

The Finance and General Purposes Committee inter alia supervises all matters relating to the finance and accounts of the College and the receipt of its income and the expenditure. It also supervises matters of Estates. It is the duty of this Committee to present a report to each meeting of the Governing Body. The Committee has formally agreed Terms of Reference, which are reviewed on a biennial basis. The Chair of the Committee provides a report of Committee meetings to the Governing Body in support of the Minutes which are formally adopted by the Governing Body. The Committee met four times during the 2018/19 academic year.

Staffing Committee

The Staffing Committee is responsible for dealing with issues in relation to the recruitment, appointment, promotion and grading of all staff, other than senior staff. It monitors the provision of HR Services and Safeguarding. The Committee receives regular reports to assess and ensure compliance with legislation. Due to the Colleges desire to monitor IIP the Committee monitors in particular activity relating to the IIP Standards which represent the standards for people management. The Committee has formally agreed Terms of Reference, which are reviewed on a biennial basis. The Chair of the Committee provides a report of Committee meetings to the Governing Body in support of the Minutes which are formally adopted by the Governing Body. The Committee met five times during the 2018/19 academic year.

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 socio-economic needs of the community the College seeks to serve. The Committee also monitors the standard of education and training provision by reviewing KPIs along with the Whole College Self-Evaluation and Quality Improvement Plans. The Committee has formally agreed Terms of Reference which are reviewed on a biennial basis.

The Chair of the Committee provides a report of Committee meetings to the Governing Body in support of the Minutes, which are formally adopted by the Governing Body. The Committee met four times during the 2018/19 academic year.

For Membership and Attendance of Committees see table on page 22.

Senior Management Team

The Principal & Chief Executive attends all Governing Body meetings and sub-committee meetings. The Director of Finance & Economic Engagement attends all Audit & Risk Committee and Finance & General Purposes Committee meetings. The Director of HR & Learner Services attends all Staffing Committee meetings. The Vice Principal of Curriculum & Information Services attends all Education Committee meetings.

The Governing Body are satisfied with the quality and content of the information provided by management.

External Audit

The Comptroller and Auditor General has statutory responsibility for the audit of North West Regional College under the Further Education (NI) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (NI) 2008.

The Northern Ireland Audit Office is independent of Government and is tasked by the Assembly to hold the Northern Ireland Departments and their Agencies to account for their use of public money.

The Comptroller and Auditor General work closely with the Assembly's Public Accounts Committee which can require Accounting Officers and senior officials to account for their actions in relation to the management of public funds.

A representative from the External Auditors often attends the North West Regional College's Audit and Risk Committee meetings.

Internal Control Processes

As Accounting Officer of the North West Regional College, I have responsibility for maintaining a sound system of internal control that supports the College's aims and objectives, while safeguarding the public funds and College assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify the risks to the achievement of College policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 July 2019 and up to the date of approval of the annual report and accords with Department of Finance guidance. I have fully embedded the processes which the Department for the Economy has agreed should be established and confirmed their robustness.

I have implemented appropriate procedures to ensure that I have identified the College's objectives and risks and determined a control strategy for each of the significant risks. As a result, risk ownership is allocated to the appropriate staff and the College has set out its attitude to risk to the achievement of the College objectives. Staff are trained and equipped to manage risk in a way appropriate to their authorities and duties. I am not aware of any lapses of security during the year.

The College receives periodic reports concerning internal control and steps are taken to manage risks in significant areas of responsibility and monitor progress on key projects. The Audit & Risk Committee has lead responsibility for the periodic review of the risk framework and other records of risk. Management of risk categories has been allocated appropriately within the College. Any revision to the framework is discussed within the Audit & Risk Committee and recommended to the Governing Body. In accordance with these functions, the Chair of the Audit & Risk Committee has received appropriate training in accordance with Best Practice guidelines and Corporate Governance principles.

NORTH WEST REGIONAL COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Finally, the Audit & Risk Committee reviews the final reports and accounts and the ensuing report to those charged with governance

The College maintains a register for related party transactions in order to ensure opportunities for conflicts of interest are avoided. This register is maintained centrally and updated regularly and includes all members of the Governing Body, the Senior Management Team and middle management.

The College has appropriate Whistle Blowing and Fraud Policies in place which are reviewed and updated periodically. The College also participates in the biennial National Fraud Initiative (NFI) exercise.

Procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. Risks are fully reviewed bi-annually and individual risk scores may change. During the year the College evaluated three risks to a status of 'High' – Impact of Reduced Enrolment Numbers, Failure to Maintain Financial Stability and Risk of CPD & PD Processes – including implications of resource shortfall, achieving value for money and statutory compliance and impact on Curriculum.

Risks are reported to and discussed at the Audit & Risk subcommittee of the Governing Body. Risk management has been incorporated fully into the corporate planning and decision making processes of the College.

The Governing Body has received periodic reports from the Internal Auditor. The appropriate steps have been taken to manage risks in significant areas of responsibility and progress on key projects has been monitored.

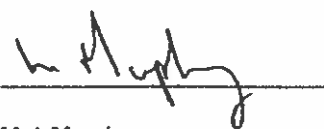
In addition to the actions mentioned above, in the coming year the College plans to:

- regularly review and update the record of risks facing the organisation;
- maintain the system of key performance and risk indicators; and
- maintain the organisation-wide risk register.

The College has an 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 and Risk Committee on a regular basis and have direct access to the Governing Body and to the Chairman of the Audit and Risk Committee.

The College's Internal Auditors have reported that based on the Internal Audit work which they have performed during the year, they can provide Satisfactory Assurance over the internal control environment of the College.

It is my view as the Accounting Officer that the College has an effective risk management process in place and that the Corporate Risk Register is being managed on an active basis with specific action plans in place to address all risks. The review of the effectiveness of the system of internal control is also informed by the work of the senior officers within the College, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the External Auditors in their Report to those charged with governance. As a result of my overall review of the effectiveness of the system of internal control, including risk management, I am content that no significant weaknesses have been identified. This has been confirmed by the Internal Auditors in their Annual Statement of Assurance.



Mr L Murphy
Accounting Officer

13-11-19

Date



**The Certificate
and Report of the
Comptroller and
Auditor General
to the Northern
Ireland Assembly**

Opinion on financial statements

I certify that I have audited the financial statements of the North West Regional College for the year ended 31 July 2019 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, Cash Flow Statement and the related notes including significant accounting policies. 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 North West Regional College's affairs as at 31 July 2019 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 opinion

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 the North West 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 Strategic Report and 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 objectives are to audit, certify and report on the financial statements in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008.

I 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 (UK) 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. 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.

Report

I have no observations to make on these financial statements.



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

26th November 2019

Statement of Comprehensive Income and Expenditure

NORTH WEST REGIONAL COLLEGE
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 JULY 2019

	Notes	2019 £'000	2018 £'000
Income			
Department for the Economy Grants	2	29,869	27,825
Education contracts	3	3,286	3,166
Tuition fees and charges	4	2,481	2,616
Other grant income	5	1,150	1,142
Other operating income	6	1,247	1,238
Investment income	7	38	53
		<u>38,071</u>	<u>36,040</u>
Total income			
Expenditure			
Staff costs	8	23,971	21,380
Voluntary Exit Scheme costs	8	1,633	265
Other operating expenses	10	10,639	10,855
Depreciation	13	3,274	2,935
Interest and other finance costs	11	997	1,098
		<u>40,514</u>	<u>36,533</u>
Total expenditure			
(Deficit) before other gains/losses and exceptional items		(2,443)	(493)
Gain on disposal of assets			3
Exceptional DfE repayment(see Financial results Page 12)		(3,616)	(3,018)
		<u>(6,059)</u>	<u>(3,508)</u>
(Deficit) before tax			
Taxation	12	-	-
		<u>(6,059)</u>	<u>(3,508)</u>
(Deficit) for the year			
Unrealised surplus on revaluation of Land & Buildings		3,475	5,660
Actuarial (loss)/gain in respect of pension scheme		(2,790)	2,859
		<u>(5,374)</u>	<u>5,011</u>
Total comprehensive (expenditure)/income for the year			
Represented by:			
Unrestricted comprehensive income/(expenditure) for the year		(3,228)	(1,824)
Pension Reserve comprehensive income for the year		(4,418)	2,134
Revaluation Reserve Comprehensive Income for year		2,272	4,701
		<u>(5,374)</u>	<u>5,011</u>

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

**NORTH WEST REGIONAL COLLEGE
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 JULY 2019**

	Unrestricted Reserves	Pension Reserve	Revaluation Reserve	Total
	£'000	£'000	£'000	£'000
Balance at 1 August 2017	8,192	(5,050)	32,244	35,386
Surplus/(deficit) from income and expenditure account	(2,783)	(725)	-	(3,508)
Other comprehensive income	-	2,859	5,660	8,519
Transfers between revaluation and income and expenditure account	959	-	(959)	-
Release of restricted funds spent in year	-	-	-	-
Balance at 1 August 2018	6,368	(2,916)	36,945	40,397
Surplus/(deficit) from income and expenditure statement	(4,431)	(1,628)	-	(6,059)
Other comprehensive income/(expenditure)	-	(2,790)	3,475	685
Transfers between revaluation and income and expenditure account	1,203	-	(1,203)	-
Release of restricted funds spent in year	-	-	-	-
Total comprehensive income for the year	(3,228)	(4,418)	2,272	(5,374)
Balance at 31 July 2019	3,140	(7,334)	39,217	35,023

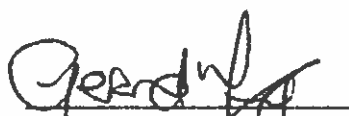
The accompanying accounting policies and notes form an integral part of these financial statements.


Balance Sheet

NORTH WEST REGIONAL COLLEGE
BALANCE SHEET
FOR THE YEAR ENDED 31 JULY 2019

	Notes	2019 £'000	2018 £'000
Non Current Assets			
Tangible fixed assets	13	80,185	73,329
Intangible assets	14	352	167
		<u>80,537</u>	<u>73,496</u>
Current Assets			
Trade & Other Receivables	16	4,519	1,776
Cash & Cash Equivalents	20	4,397	6,720
Total current assets		<u>8,916</u>	<u>8,496</u>
Less: Creditors: amounts falling due within one year	17	<u>(10,145)</u>	<u>(5,730)</u>
Net current assets		<u>(1,229)</u>	<u>2,766</u>
Total assets less current liabilities		79,308	76,262
Less: Creditors: amounts falling due after more than one year	18	<u>(36,951)</u>	<u>(32,949)</u>
		42,357	43,313
Provisions			
Pension Provision	21	<u>(7,334)</u>	<u>(2,916)</u>
Net Assets including pension liability		<u><u>35,023</u></u>	<u><u>40,397</u></u>
Unrestricted Reserves			
Income and expenditure reserve		3,140	6,368
Pension Reserve		(7,334)	(2,916)
Revaluation Reserve		<u>39,217</u>	<u>36,945</u>
TOTAL		<u><u>35,023</u></u>	<u><u>40,397</u></u>

The financial statements on pages 43 to 76 were approved by the Governing Body of the North West Regional College on 13th November 2019 and were signed on its behalf by:


Mr G Finnegan
Chairman of Governing Body
North West Regional College


Mr L Murphy
Accounting Officer
North West Regional College

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

Cash flow Statement

**NORTH WEST REGIONAL COLLEGE
CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2019**

	Notes	2019 £'000	2018 £'000
Cash inflow/(outflow) from operating activities			
Surplus/(Deficit) for the year		(6,059)	(3,508)
Adjustment for non-cash items			
Depreciation	13	3,274	2,935
(Increase)/Decrease in debtors	16	(1,243)	338
Increase/(Decrease) in creditors	17	4,064	(2,080)
NILGOSC FRS 102 (28) Pension Adjustment		1,628	725
Adjustment for investing or financing activities			
Interest Receivable	7	(38)	(53)
Interest payable	11	932	979
Deferred Capital Grants release	2	(1,647)	(1,543)
Net cash (outflow)/inflow from operating activities		911	(2,207)
Cash flows from investing activities			
Proceeds from sale of fixed asset		0	3
Investment interest		47	76
Payments made to acquire fixed assets		(7,383)	(1,678)
Capital Grants Received		5,873	1,603
		(1,463)	4
Cash outflows from financing activities			
Interest element of finance lease and service concession payments	11	(932)	(979)
Capital element from lease	15	(839)	(758)
(Decrease)/Increase in cash and cash equivalents in the year	20	(2,323)	(3,940)
Net funds at 1 August 2018		6,720	10,660
Net funds at 31 July 2019		4,397	6,720

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.

Notes to the Financial Statements

1. STATEMENT OF ACCOUNTING POLICIES

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 a going concern basis in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit entity requirements of FRS102.

The Financial Statements are prepared in accordance with the historical cost convention except that certain freehold properties are shown at their re-valued 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 cash flow, liquidity and borrowings are described in the financial statements and accompanying Notes.

The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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 the going concern basis for the preparation of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Recognition of Income

Government Grants (accruals model)

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) (accruals model)

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.

Capital Grants (land grants)

Capital government grants for land are accounted for in accordance with the performance model which results in the recognition of the capital grant on receipt.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Pension Scheme

The two principal pension schemes for the College's staff are the Northern Ireland Teachers' 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. National Employment Savings Trust (NEST) is a defined contribution workplace pension scheme which was set up to facilitate Automatic Enrolment as part of the workplace pension reforms under the Pensions Act 2008.

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 contributions 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.

Tangible Fixed Assets

- **Land and Buildings**

Land and buildings (including those inherited from the Education and Library Board) are stated in the balance sheet at valuation on the basis of depreciated replacement cost (inclusive of non-recoverable 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 re-valued 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 of between 11 and 50 years. The depreciation charge on buildings is based on the opening net book value. Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis which is consistent with the depreciation policy.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

- **Assets in the course of construction**
Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2019. 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 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
Motor vehicles	- four years
Plant and Equipment	- five years
Fixture and Fittings	- six years
Other PFI assets	- various

Where these assets are acquired with the aid of specific grants the asset is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related asset.

Private Finance Initiative

Where it is concluded that the College has an asset of the property and therefore a liability to pay for it, these are recorded on the balance sheet. The initial amount recorded for each is the fair value of the property or if lower, the present value of the minimum lease payments determined at the inception of the lease. Subsequently, the asset is depreciated over its useful economic life. Payments are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

The College recognises the property when it comes into use, unless it bears significant construction risk, in this case the property is recognised as it is constructed.

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 all the benefits and risks of 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 are 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.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Investment Property

Fixed asset investments are measured at fair value with any changes in fair value being recognised immediately in the Statement of Comprehensive Income and Expenditure.

Intangible Assets

Intangible assets, greater than £3,000 per individual item, are capitalised. Software integral to an item of hardware is dealt with as a fixed asset.

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. The formula used to calculate the partial exemption rate is based on a method approved by HMRC.

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 26, except for £1k and Hardship Funds received which is available to the College to cover administration costs relating to the grant. The College employs 1.75 members of staff dedicated to the administration of the Hardship fund applications and payments.

2. DEPARTMENT FOR THE ECONOMY INCOME

	2019	2018
	£'000	£'000
Grant in Aid Received from DfE		
Recurrent grant	23,051	22,512
Release of deferred capital grant	1,647	1,543
Skills Focus	286	276
Minor Works	73	28
Employer Support Program	326	272
Private Finance Initiative(PFI)	1,572	1,556
Additional Support Funds	358	450
Voluntary Exit Scheme Funds (VES)	1,633	252
	<hr/>	<hr/>
Grant In Aid Items	28,946	26,889
	<hr/> <hr/>	<hr/> <hr/>

2. DEPARTMENT FOR THE ECONOMY INCOME (CONTINUED)

	2019	2018
	£'000	£'000
Non-Grant in Aid received from DfE		
Educational Maintenance Allowance Administration	21	23
Higher Level Apprenticeships	235	173
Youth Training Pilot	(14)	463
Worldskills	11	5
Essential Skill Change Funding	-	16
Academies	141	0
DLHE Survey reimbursement	5	4
Sector Development Funding	34	22
Colleges Connected	92	0
FE Systems, Technology & Services Project	301	230
NICIS Backfill Staff	17	0
Welding Academy	41	0
Other	39	0
	<hr/>	<hr/>
Non-grant in Aid Items	923	936
	<hr/> <hr/>	<hr/> <hr/>
Total DfE income	29,869	27,825
	<hr/> <hr/>	<hr/> <hr/>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

3. EDUCATION CONTRACTS	2019	2018
	£'000	£'000
Entitlement Framework	546	551
Training for Success Into Work	2,740	2,592
	-	23
Total	3,286	3,166
4. TUITION FEES AND CHARGES	2019	2018
	£'000	£'000
Higher Education (HE) Income	1,536	1,737
Further Education (FE) Income	945	879
Total	2,481	2,616
<i>Included within the above amounts are amounts which fund bursaries of £101k (2017: £139k)</i>		
5. OTHER GRANT INCOME	2019	2018
	£'000	£'000
European Funds	467	475
Other Funds	683	667
Total	1,150	1,142
6. OTHER OPERATING INCOME	2019	2018
	£'000	£'000
Catering and residence operations	211	173
Other income generating activities	974	1,004
Other income	62	61
Total	1,247	1,238
7. INVESTMENT INCOME	2019	2018
	£'000	£'000
Other interest receivable	38	53
Total	38	53

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:

	2019	2018
	Number	Number
Teaching	318	327
Support	75	66
Administration	174	156
Premises	21	22
	<hr/>	<hr/>
Total	588	571
	<hr/> <hr/>	<hr/> <hr/>
Staff costs for the above persons:	2019	2018
	£'000	£'000
Teaching	13,545	12,970
Support	2,039	1,785
Administration	6,216	5,441
Premises	608	578
FRS 17 Adjustment (see Note 21)	1,563	606
	<hr/>	<hr/>
	23,971	21,380
Voluntary Exit Scheme costs	1,633	265
	<hr/>	<hr/>
Total	25,604	21,645
	<hr/> <hr/>	<hr/> <hr/>
	2019	2018
	£'000	£'000
Wages and salaries	17,212	16,451
Social security costs	1,654	1,556
Movement in Pension	1,563	606
Other pension costs	3,542	2,767
	<hr/>	<hr/>
	23,971	21,380
Voluntary Exit Scheme costs	1,633	265
	<hr/>	<hr/>
Total	25,604	21,645
	<hr/> <hr/>	<hr/> <hr/>

8. STAFF COSTS (continued)

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

	Senior post-holders		Other Staff	
	2019 No.	2018 No.	2019 No.	2018 No.
£60,001 to £70,000		-	14	12
£70,001 to £80,000	1	-	-	-
£80,001 to £90,000	1	1	-	-
£90,001 to £100,000	3	3	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	-	1	-	-
£130,001 to £140,000	1	-	-	-
	6	5	14	12

Support staff were awarded a 2% payrise in January 2019 and lecturing staff were awarded a payrise of 0.01% for 2015-16 and 1% for 2017-18 in March 2019.

9. SENIOR POST-HOLDERS' EMOLUMENTS

Senior post holders are defined as the Principal & Chief Executive and holders of the other senior posts whom the Governing Body has selected for the purposes of the articles of government of the College relating to appointment and promotion of staff who are appointed by the Governing Body. Senior Post Holders do not, for the purposes of this note, included remunerated non-executive Governing Body members.

	2019 Number	2018 Number
The number of senior post-holders including the Principal & Chief Executive was:	4	4

David Kinnaird is on secondment from NWRC to DfE effective from April 2017.

	2019 £,000	2018 £,000
Senior post-holders' emoluments are made up as follows:		
Salaries	427	434
Pension contributions	85	78
Total Emoluments	512	512

9. SENIOR POST-HOLDERS' EMOLUMENTS (CONTINUED)

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

	2019	2018
	£'000	£'000
Salaries	111	111
Benefits in kind	-	-
	<u>111</u>	<u>111</u>
Pension contributions	22	19
Total	<u>133</u>	<u>130</u>

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

The members of the College other than the Principal & Chief Executive 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

	2019	2018
	£'000	£'000
Direct Teaching	717	562
Direct Support	2,783	2,648
Administration	2,208	2,447
Premises	3,500	3,864
Unitary payments under PFI contract	1,431	1,334
	<u>10,639</u>	<u>10,855</u>
Interest and Other Finance Costs	65	119
Interest element of Finance Lease	932	979
Total	<u>11,636</u>	<u>11,953</u>

Other operating expenses include:

Auditors' remuneration		
- external audit	24	20
- internal audit	17	16
- other services provided by internal auditors	-	1
Remuneration of Governing Body members	47	48
Hire of other assets-operating leases	173	17
	<u>261</u>	<u>102</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

11. INTEREST AND OTHER FINANCE COSTS	2019	2018
	£'000	£'000
On finance leases	932	979
Net charge on pension scheme	65	119
Total	997	1,098

12. TAXATION

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

13. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings	PFI Assets	Plant and Equipment	Computers	Fixtures & Fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Cost or valuation</u>							
At 1 August 2018	63,124	12,742	4,003	2,373	305	188	82,735
Additions	5,304	382	683	286	-	-	6,655
Revaluations	2,934	541	-	-	-	-	3,475
Disposals	-	-	-	-	-	-	-
At 31 July 2019	71,362	13,665	4,686	2,659	305	188	92,865
<u>Depreciation</u>							
At 1 August 2018	1,771	2,204	2,902	2,052	305	172	9,406
Charge for the year	2,068	489	450	260	-	7	3,274
Disposals	-	-	-	-	-	-	-
At 31 July 2019	3,839	2,693	3,352	2,312	305	179	12,680
Net Book Value							
At 31 July 2019	67,523	10,972	1,334	347	-	9	80,185
Net Book Value							
At 31 July 2018	61,353	10,538	1,101	321	-	16	73,329

13. TANGIBLE FIXED ASSETS (CONTINUED)

Land and buildings were last subject to a full revaluation in July 2017 on a depreciated replacement cost basis. The valuations were performed independently by Land and Property Services (an interim revaluation was carried out by Land and Property Services in August 2015). These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

If inherited land and buildings had not been re-valued they would have been included at the following amounts:	2019 £'000	2018 £'000
Cost	-	-
Aggregate depreciation based on cost	-	-
Net book value based on cost	-	-
The depreciation charge for the year is analysed as follows:		
	£'000	£'000
Owned assets	2,785	2,484
PFI assets	489	451
	3,274	2,935

14. INTANGIBLE FIXED ASSETS

	Asset Under Construction	Total
	£'000	£'000
Cost or valuation		
At 1 August 2018	167	167
Additions	185	185
At 31 July 2019	-	-
	352	352
Amortisation		
At 1 August 2018	-	-
Charge for the Year	-	-
At 31 July 2019	-	-
Net book value at 31 July 2019	352	352
Net book value as at 31 July 2018	167	167

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 of which North West Regional College is the lead college. 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 of the Economy- the college pays all the invoices and claims funding from DfE. Each college then shows one sixth of the cost in their financial statements. The total cost is estimated at £2,325k.

15. SERVICE CONCESSION ARRANGEMENTS

The College has 1 on balance sheet PFI arrangement where service delivery has commenced.

Movement in service concession arrangement assets

The asset value of the service concession included in the balance sheet as at 31 July 2019 is £10,972k (2018: £10,538k). See Note 13.

Movement in service concession liabilities

The total liabilities relating to the service concession included in the balance sheet as at 31 July 2019 were £6,640k (2018: £7,097k). The sum of £839k was repaid during the year.

Future Commitments

The following table analyses the College's future commitments in relation to service concession arrangements.

	Payable in 1 Year	Payable in 2-5 years	Payable in 6- 10 years	Total
	£'000	£'000	£'000	£'000
Liability repayments	978	5,512	150	6,640
Finance charge	828	2,074	176	3,078
Service charge	1,452	6,132	2,444	10,028
	3,258	13,718	2,770	19,746

16. TRADE & OTHER RECEIVABLES

	2019	2018
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	122	83
Other receivables	151	95
Prepayments and accrued income	4,066	1,388
Total	4,339	1,566
Amounts falling due after one year:		
Surplus land receivable arising on PFI contract*	180	210
Total Receivables	4,519	1,776

*The value of the surplus land given to the PFI operator as part of the contract is estimated at £750,000. It is assumed that the surplus land debtor is being recovered over the period of the PFI contract of 25 years (£30,000 per annum).

17. CREDITORS: AMOUNTS FALLING DUE IN LESS THAN ONE YEAR

	2019	2018
	£'000	£'000
Service concession arrangements	978	839
Trade creditors	1,847	289
Taxation and social security	546	566
Accruals and deferred income	6,774	4,036
	<u>10,145</u>	<u>5,730</u>

Deferred income

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

	2019	2018
	£'000	£'000
Grant income	903	534
Other income	570	337
Total	<u>1,473</u>	<u>871</u>

18. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR:

	2019	2018
	£'000	£'000
Deferred income	31,289	26,691
Service concession liabilities due after one year	5,662	6,258
Total Creditors after one year	<u>36,951</u>	<u>32,949</u>

19. PROVISIONS FOR LIABILITIES AND CHARGES

There were no provisions in the year.

20. CASH AND CASH EQUIVALENTS

	At 1 August 2018	Cash Flows	At 31 July 2019
	£'000	£'000	£'000
Cash and Cash equivalents at 31 July 2019	6,720	(2,323)	4,397

21. PENSION 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.

National Employment Savings Trust (NEST) is a defined contribution workplace pension scheme which was set up to facilitate Automatic Enrolment as part of the workplace pension reforms under the Pensions Act 2008.

Total pension cost for the year	2019	2018
	£'000	£'000
NITPS: contributions paid	2,367	1,787
NILGOSC: Contributions paid	1,175	980
NILGOSC: FRS 17 Adjustments	1,563	606
NILGOSC: Charge to the Statement of Comprehensive Income & Expenditure	2,738	1,586
Total Pension Cost for Year	5,105	3,373

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.

21. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

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

The Public Service Pensions Act (Northern Ireland) 2014 provides for the closure of existing public sector pension schemes (including the NITPS) from 31st March 2015 and the establishment of new schemes based on a career average re-valued earnings 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 25.10% from 1 April 2019.

The salary bands applicable to member contributions for the NITPS, based on members' annual salary rate (actual earnings), from 1st April 2019 were;

Salary

Up to £27,047	7.4%
£27,048 to £36,410	8.6%
£36,411 to £43,171	9.6%
£43,172 to £57,126	10.2%
£57,127 to £78,022	11.3%
£78,023 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 and Expenditure 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.

21. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

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 NILGOSC fund at 31 March 2016 updated to 31 July 2019 by a qualified actuary.

	At 31 July	At 31 July
Principal actuarial assumptions	2019	2018
Principal actuarial assumptions at Balance Sheet date are as follows:	%	%
Rate of increase in salaries	3.7	3.6
Rate of increase for pensions in payment/inflation	2.2	2.1
Pension accounts revaluation rate	2.2	2.1
Discount rates for scheme liabilities	2.2	2.8

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	At 31 July
	2019	2018
Members aged 45 at accounting date		
Males	24 years	25.5 years
Females	26.4 years	28.2 years
Members aged 65 at accounting date		
Males	22.3 years	23.3 years
Females	24.6 years	25.9 years

21. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

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

	Asset Allocation at 31 July 2019	Value at 31 July 2019	Asset Allocation at 31 July 2018	Value at 31 July 2018
	%	£'000	%	£'000
Equities	40.2	13,317	61.1	18,376
Bonds	40.9	13,548	22.9	6,887
Property	10.8	3,578	10.2	3,068
Cash	4.7	1,557	4.0	1,203
Other	3.4	1,126	1.8	542
Total Market Value of Assets		33,126		30,076

	2019 £'000	2018 £'000
Amounts recognised in the balance sheet		
Fair value of plan assets	33,126	30,076
Present value of scheme liabilities	(40,460)	(32,992)
Deficit in the scheme (Net pension liability recorded within pension provisions)	(7,334}	(2,916)

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

	2019 £'000	2018 £'000
Amounts included in staff costs		
Current service cost	1,776	1,574
Past service cost	912	12
Curtailement cost	50	-
Total operating charge	2,738	1,586

	2019 £'000	2018 £'000
Analysis of pension finance income / (costs)		
Interest income on assets	(859)	(694)
Interest cost	924	813
Net charge	65	119

21. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Analysis of Other Comprehensive Income and Expenditure for Pensions

	2019	2018
	£'000	£'000
Actuarial gains/(losses) on pension scheme assets	1,036	2,226
Actuarial gains/(losses) on scheme liabilities	<u>(3,826)</u>	<u>633</u>
Total Other Comprehensive Income and Expenditure	<u>(2,790)</u>	<u>2,859</u>

Movement in deficit during the year

	2019	2018
	£'000	£'000
Deficit in scheme at 1 August 2018	(2,916)	(5,050)
Movement in the year:		
Current service cost	(1,776)	(1,574)
Employer contributions	1,175	980
Past service cost/gain	(912)	(12)
Curtailment cost	(50)	-
Net interest	(65)	(119)
Actuarial gain or (loss) recognised in other Comprehensive Income and Expenditure	<u>(2,790)</u>	<u>2,859</u>
Deficit in scheme at 31 July 2019	<u><u>(7,334)</u></u>	<u><u>(2,916)</u></u>

Asset and Liability Reconciliation

	2019	2018
	£'000	£'000
Reconciliation of Liabilities:		
Liabilities at start of period	32,992	31,275
Service cost	1,776	1,574
Interest cost	924	813
Employee contributions	353	307
Actuarial (gain)/loss	3,826	(633)
Benefits paid	(373)	(356)
Past service cost	912	12
Curtailment cost	<u>50</u>	<u>-</u>
Liabilities at end of period	<u><u>40,460</u></u>	<u><u>32,992</u></u>

21. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

	2019	2018
	£'000	£'000
Reconciliation of Assets:		
Assets at start of period	30,076	26,225
Interest Income	859	694
Actuarial (loss)/gain	1,036	2,226
Employer contributions	1,175	980
Employee contributions	353	307
Benefits paid	(373)	(356)
	<hr/>	<hr/>
Assets at end of period	33,126	30,076
	<hr/>	<hr/>

The estimated value of employer contributions for the year ended 31 July 2020 is £1,247k.

The pension charge for the year includes a past service cost of £912k relating to the McCloud Judgement (£833k) and the Guaranteed Minimum Pension (GMB) Indexation and Equalisation (£79k).

McCloud Judgement (£833k)

In December 2018 the Court of Appeal ruled in the 'McCloud/Sargeant' judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. The Government applied to the Supreme Court for permission to appeal this judgement, however the Supreme Court rejected the Government's request on 27 June 2019. The next stage is for the case to be referred to the Employment Tribunal to agree the remedy, following appropriate consultation. In a Ministerial Statement dated 15 July 2019 the Government committed to extending a remedy across all public sector schemes which included similar transitional protection arrangements and includes the LGPS. As a result, the College has included a constructive obligation at 31 July 2019 in relation to the potential remedy using an approximate method.

Guaranteed Minimum Pension Indexation and Equalisation (£79k)

Following changes to the State Pension in April 2016, there was a risk that members of the LGPS who were 'contracted out' of the State Pension between 6 April 1978 and 6 April 1997, and who would reach their State Pension Age (SPA) after April 2016, would be worse off. This is because State Pension reforms removed the facility of the State to pay 'top up' payments to ensure their total pension was fully inflation protected. The LGPS was only required to pay limited increases on some elements of GMP (a portion of pension accrued in the LGPS when members were contracted out of the State Scheme). In March 2016, the Government committed the LGPS to pay full pension increases on GMPs to individuals reaching SPA between 6 April 2016 and 5 December 2018. This has previously been accounted for. In January 2018, the Government committed the LGPS to pay full pension increases on GMPs to individuals reaching SPA between 6 December 2018 and 5 April 2021. This has not been recognised in the accounts to date. Further, the Government has indicated that it is committed to continuing to compensate all members of public sector pension schemes reaching SPA after 5 April 2021. The Government's view is that this solution also meets sex equalisation requirements. As a result, the College has included a constructive obligation at 31 July 2019, using an approximate method, for the Government's commitment to pay pension increases on GMPs for members reaching SPA after 5 December 2018, which includes a liability for Government's commitment to compensate all members in the future from changes to the State Pension.

22. POST BALANCE SHEET EVENTS

Details of any post balance sheet events are given in the report of the Members of the Governing Body.

23. CAPITAL COMMITMENTS

	2018	2017
	£'000	£'000
Commitments contracted for at 31 July 2019	4,310	-

PFI Contract

Capital repayments will be made over a 25 year period and will be funded by DfE. The PFI contract with Northwin Limited for the Northland Building commenced in February 2001 and will cease in January 2026.

24. FINANCIAL COMMITMENTS

At 31 July 2019 the College had annual commitments under non-cancellable operating leases as follows:

	2019	2018
	£'000	£'000
LESSEE:		
Land and Buildings:		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
	<hr/>	<hr/>
	-	-
OTHER:	<hr/> <hr/>	<hr/> <hr/>
Expiring within one year	-	13
Expiring within two and five years inclusive	173	-
Expiring in over five years	-	-
	<hr/>	<hr/>
	173	13
	<hr/> <hr/>	<hr/> <hr/>
LESSOR:		
Land and Buildings		
Expiring within one year	-	-
Expiring within two and five years inclusive	19	34
	<hr/>	<hr/>
	19	34
	<hr/> <hr/>	<hr/> <hr/>

25. CONTINGENT LIABILITIES

On the 17th June 2019, the Court of Appeal ruled in respect of Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the PSNI on backdated Holiday Pay. It is recognised that the final detail remains to be determined by the Industrial Tribunal who will be guided by the Court of Appeal's Judgement.

This is an extremely rare and complex case with a significant number of issues that still need to be resolved, including further legal advice with regards to the Judgement; the scope; timescales; process of appeals and engagement with Trade Unions. The legal issues arising from this Judgement and the implications for North West Regional College and wider public sector will need further consideration. The Department of Finance (DoF) is leading a piece of work across the NI Civil Service, reviewing the implications for each of the major staffing groups across the public sector.

Until there is further clarity when this work has concluded, and based on the inherent uncertainties in the final decision that will be made, a reliable estimate cannot be provided at this stage.

26. RELATED PARTY TRANSACTIONS

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

Related Organisation	Governor	Position In Related Organisation	2019 Amount Paid (Income) £'000	2018 Amount Paid (Income) £'000	Amount Outstanding At 31 July 2019 £'000	Amount Outstanding At 31 July 2018 £'000
Derry City & Strabane District Council	Mr S Gillespie	Director	48 (16)	160 (62)	- -	- (2)
Invista UK	Dr N Hand	Operations Manager	(1)	(1)	-	(1)
Nuprint Technologies	Mr G Killeen	Managing Director	-	(3)	-	-
Education Authority (Ballymena)	Mr B Quinn	Senior Architect	(134)	(119)	(8)	(3)
Londonderry Chamber Of Commerce	Mr P Canavan	Council Member & Past President	7	2	-	-
	Mr G Killeen	Director & Past President				
Invest NI	Mr P Canavan	Council Member & Past President	(50)	(88)	-	-
St Mary's College	Mr P Canavan	Board Of Governors	(6)	0	-	-
Belfast Metropolitan College	Mrs R Dougherty	Part-time Tutor	2 (11)	7 (3)	- -	- (1)
Ulster University	Dr M O'Neill	Provost	250 (77)	248 (81)	- (16)	- -

27. AGENCY ARRANGEMENTS

	2019	2018
(a) Support Funds	£'000	£'000
DfE grants	400	419
Interest earned	-	-
	<hr/>	<hr/>
	400	419
Disbursed to students	(374)	(419)
Audit fees	(1)	-
	<hr/>	<hr/>
Balance unspent at 31 July 2019	25	-
	<hr/>	<hr/>

Support funds are available solely for students; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income and Expenditure.

	2019	2018
(b) Care to Learn	£'000	£'000
DfE Grants	24	34
Disbursed to childcare providers	(24)	(34)
	<hr/>	<hr/>

The scheme addresses the need to provide childcare support for parents under the age of 20. The College acts only as a paying agent therefore the grants and related disbursements are excluded from the Statement of Comprehensive Income and Expenditure.

28. LOSSES & SPECIAL PAYMENTS

The College wrote off £6,421 in November 2018 in relation to bad debts.

In accordance with Financial Memorandum the authorisation to write off individual debts greater than £2,000 should be sought from the Department. One debt written off was greater than £2,000.

The write off for debts less than £2,000 were approved by the Board of Governors.

The total number of cases written off was 10.

29. THIRD PARTY ASSET

The College holds a bank account on behalf of the Students' Union and at 31st July 2019 the balance in the account was £7.7k (£12.8k at 31st July 2018). This is not a North West Regional College asset and is therefore not included in these financial statements.

APPENDIX A

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	2019 £'000	2018 £'000
INCOME			
DfE income (non grant-in-aid items)	2 3	923	936
Education contracts	4	3,286	3,166
Tuition fees and charges	5	2,481	2,616
Other grant income	6	1,150	1,142
Other operating income	7	1,247	1,238
Endowment and Investment income		38	53
Total incoming resources		9,125	9,151
EXPENDITURE			
Staff costs	8	23,971	21,380
Fundamental restructuring costs	8	1,633	265
Other operating expenses	10	10,639	10,855
Depreciation/Loss on disposal of fixed assets	13	3,274	2,932
Exceptional DfE Repayment		3,616	3,018
Interest and other finance costs	11	997	1,098
Total resources expended		44,130	39,548
Net deficit for the year		(35,005)	(30,397)
Unrealised surplus on revaluation of land and buildings		3,475	5,660
Actuarial gain/(loss) in respect of pension scheme		(2,790)	2,859
Amount transferred to reserves		(34,320)	(21,878)
Analysis of reserves prepared under FReM			
		2019 £'000	2018 £'000
Balance at 1 August 2018		40,397	35,386
Grant-in-aid received in year	2	28,946	26,889
Net operating cost for year		(34,320)	(21,878)
Balance at 31 July 2019		35,023	40,397



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