

North West Regional College Annual Report and Accounts

Year Ended 31 July 2017



north west
regional college

Derry-Londonderry • Limavady • Strabane



NORTH WEST REGIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

The Accounting Officer authorised these

Financial statements for issue

on

15th November 2017

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

Friday 8th December 2017

NORTH WEST REGIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

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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 2017.

Legal Status

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

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

Mission Statement

To support individual and collective economic success through high quality learning for the people of the city and region.

Implementation of Strategic Plan

The College Development Plan for 2015-18 identified 5 Strategic Priorities:

1. Our Curriculum is Fit for Purpose

The Level 2 pilot in Youth Training Programme has been extended to the curriculum areas of Business, Motor Vehicle and Joinery. The initial pilot programmes in Hairdressing and Health and Social Care continued successfully in 2016/17. A L3 Apprenticeship in Dental Nursing also commenced in 2016/17.

An ETI inspection of the L2 and L3 Youth Training and Apprenticeship provision took place in January 2017. This was a sectoral inspection and no official grade was given. However, feedback received from the ETI was positive and an action plan has been established to ensure any areas for improvements are addressed. An inspection of the College provision at HMP Magilligan took place in 2016/17 and the feedback received was very positive. A full report is expected in 2017/18. Last year's scrutiny inspection was graded again as confident.

No new curriculum projects proceeded in 2016/17. However, Project Based Learning was further enhanced by the appointment of a full time member of staff to support the embedding of project based learning across the College.

The Maths Centre continued to support students in an effort to improve their outcomes in maths assessments/ examinations. A paper was produced in 2016/17 by the Head of Department of Science, Technology and Creative Industries setting out the challenges for maths students in the North West and included recommendations on how to collaborate with local schools on methods of improving maths outcomes for 14-19 year olds. This collaboration will continue to be explored in 2017/18.

Higher Level Apprenticeships continue to provide an excellent option for students to train while they learn and successful recruitment in all six HLA subjects took place in 2016/17.

Additional Foundation Degree curriculum areas were considered in 2016/17 and these will be further explored in 2017/18 in particular Digital Marketing and Music.

Implementation of Strategic Plan (cont'd)

2. Our Learners are at the Centre of the Organisation

Management have continued to invest heavily to ensure the student experience remains first class by investing in teaching resources and the College Estate.

On 26th May 2017 NWRC hosted E2E – An Education to Employability event, held in Ebrington Square. This event showcased the educational routes to employment. With over 85 employers represented and 15 schools in attendance, this was a very successful event for NWRC and the City.

The College has also purchased the licence for the Unifrog system. This is an online system that can be described as a destinations platform. This platform makes it easy for our students to find and apply for the best university courses and apprenticeships. It also offers Massive Open Online Courses(MOOCs) by the top universities enabling our students to complete online courses and receive certification. This will add value to their employability profile and enable them to leave NWRC work ready and future focused individuals.

3. Our People are Empowered and Developed to Achieve the Vision

During 2016/17 the College continued to strive to deliver our vision of being the best FE College we can be. Management has put strong foundations in place to continue to build good working relationships across the College. We have developed strong adaptive leadership and managerial capability to navigate the College through this challenging planning period. Management and staff will continue to work in partnership to create an environment that embraces creative and innovative approaches to learning while striving for excellence. A significant staff health and welfare programme has been developed and will continue to be a priority. Significant investment was again made in staff development putting teaching and learning at its core, whilst also ensuring opportunities for continuous professional development. Staff have been supported by the HR Services team with a focus on staff well-being and safety recognising the need for staff to feel valued, be heard and to have an appropriate work-life balance.

4. Our Economic Engagement Unlocks the Potential of the City and Region to Create Prosperity

The College and its Business Support Centre continue to expand its industry support services and further develop the College's international profile.

The College continues to provide innovation, applied research and development solutions via Innovate Us, Innovation Vouchers, Fusions and Knowledge Transfer Partnerships (KTPs). The volume of work has grown leading to an expansion of the Business Support Centre's technical team. From the skills perspective the College has successfully delivered its targets on the Skills Focus Programme and notably secured and delivered an Assured Skills Academy. The College's FoodOvation Centre has had a successful first year, delivering practical products and skills solutions for businesses and won the "Building for the Future" award at the Food NI Year of Food Awards in February 2017.

The College's International and European portfolio continues to grow with £900k of funding having recently been secured through Erasmus+ programmes.

5. Our Resource Base Underpins and Allows Us to Do All of the Above

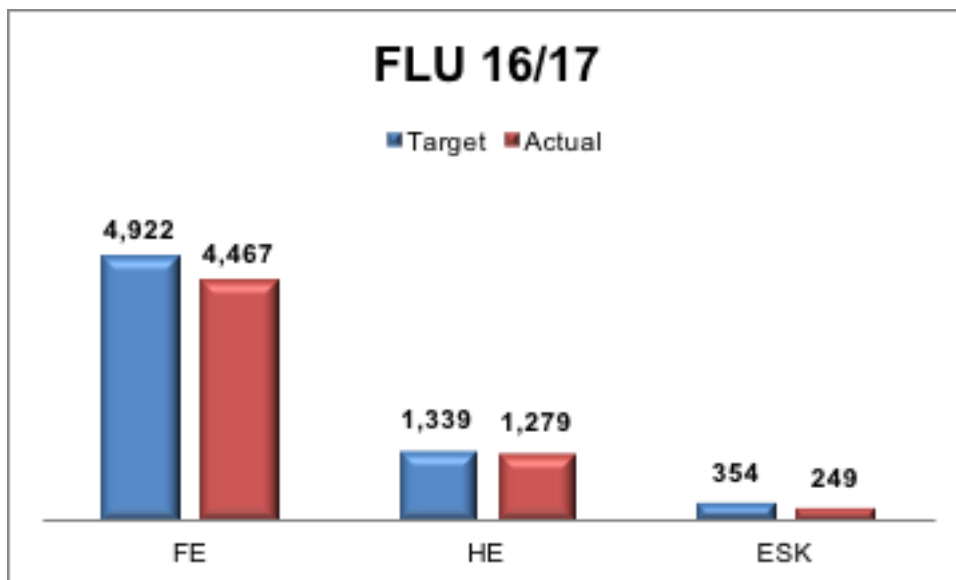
The College invested heavily in resources during 2016/17 particularly in information technology (IT) and buildings. £800k was spent on IT. £2.5million was spent on our Estate developing modern facilities and upgrading other areas to ensure that our buildings remain fit for purpose adding to the student experience.

Implementation of Strategic Plan (cont'd)

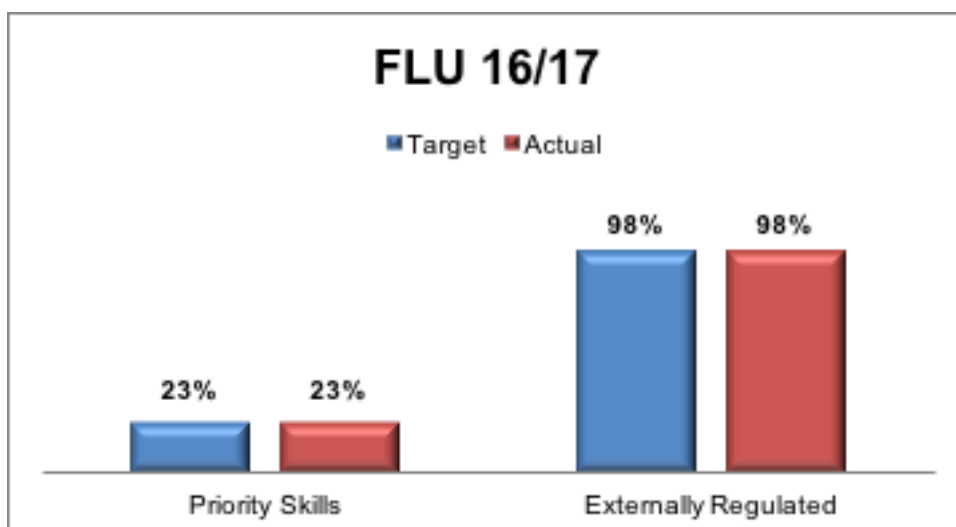
In 2016/2017 the College had a target of 4,922 Further Education (FE) Funding Learning Units (FLUs) excluding Essential Skills (ESK) against an actual of 4,467 which is just over 90% of the Department for the Economy (DfE) FLU target.

The College faced greater challenges in Higher Education (HE) and ESK and did not meet the DfE targets. Factors contributing to the decrease in the uptake of Essential Skills are the reduction in Full Time students who would normally undertake Essential Skills, the move of curriculum from FE to Youth Training and the introduction of GCSE and lower numbers in HMP Magilligan.

On analysis, the overall FLU is estimated to be 90% of target.¹

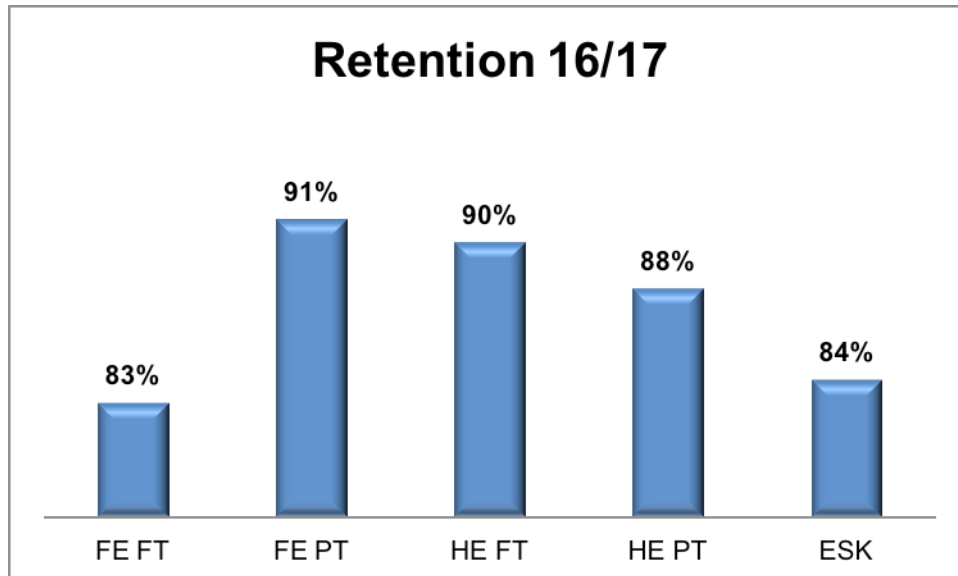


In the key areas of Priority Skills and Externally Regulated provision, the College met the target of 23% of provision being in the Priority Skills area and 98% being Accredited courses.

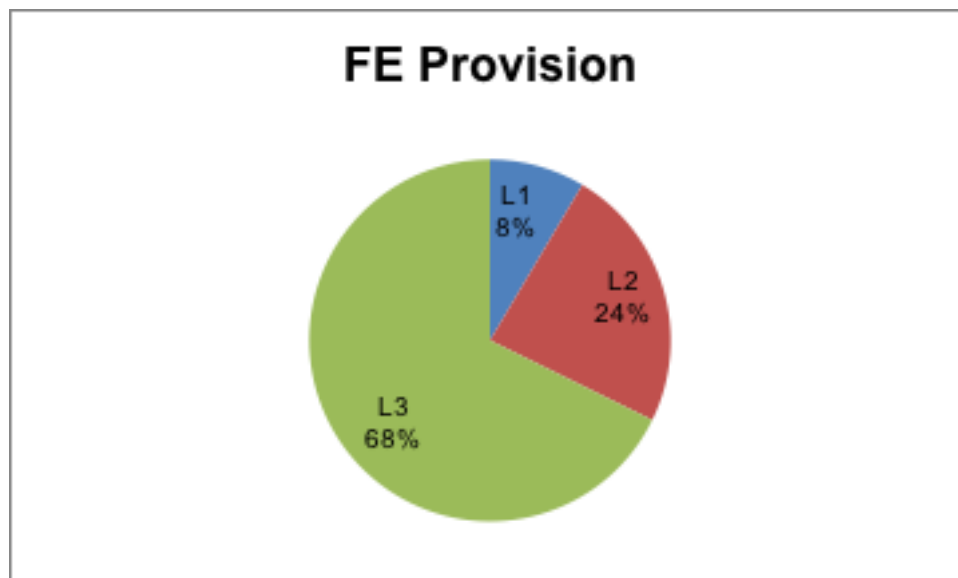


¹ FLU Extract 2nd August 2017

Retention for the College in FLU funded courses is 83%¹ for FE Full Time, 91%¹ for FE Part Time, 90%¹ for HE Full Time, 88%¹ for HE Part Time and 84% for Essential Skills.



With regards to the College Development Plan (CDP) 16/17 the combined Level 2 and Level 3 provision contributes to 92% of FE FLU.



The College long term objectives are to remain financially viable in an ever increasing challenging landscape and to maintain and further develop an economically relevant curriculum for students in the North West. The College will seek to enhance the curriculum to ensure our students are ready for employment or higher education. The Assisted Living Centre in the area of Health and Social Care will set the benchmark.

Falling demography and the possible adverse implications of BREXIT need to be planned for and managed in a way that allows the College to maximise the resources available to it ensuring the student experience and standard of provision is maintained.

¹ FLU Extract 2nd August 2017

Financial Objectives

The College's financial objectives are:

- Balanced budget - the College is reporting a small historic deficit of £253k
- Strong health check ratios (e.g. current ratio of between 1.5-2.5) - all health check targets were met or exceeded
- Cash days of between 20-40 - actual cash days for 2016/17 is 102 days
- Debtor days of between 0-30 - actual debtor days for 2016/17 is 10 days
- Unqualified External Audit report - expecting unqualified report for these Financial Statements
- Internal Audit assurance rating of Satisfactory or above - all Satisfactory

Financial Results

The College incurred an operating deficit on continuing operations after depreciation of assets at valuation of £1,196k (Deficit in 2016 of £1,378k). The historic deficit in the year was £253k after charging £732k of pension costs as a result of the FRS17 adjustment (Deficit in 2016 of £561k). 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 surplus for the year of £5,253k (Deficit in 2016 of £2,286K).

The movement from the 2016/17 College Development Plan and the final outturn is explained by movements to a number of key account headings. The material favourable/unfavourable variances included - £611k increase in DfE grants most of which relates to the funding of the Voluntary Exit Scheme; £140k decrease in Education Contracts; £141k increase in fee income; £80k decrease in Other Grant Income; £78k increase in Other Operating Income; increase of £353k in Staff costs which is mainly due to the FRS17 Pension adjustment at 31 July; £149k decrease in Non-Pay Direct Support costs, and £654k increase in Premise costs due to the major renovation work throughout the College estate.

Buildings were subject to a full revaluation at 31 July 2017 by Land and Property Services. The Northern Ireland Local Government Officers' Superannuation Committee(NILGOSC) pension liability decreased from £8.8M to £5M – the main reason for this was due to an increase in the recommended discount rate used which in turn reduces the liabilities.

The College has significant reliance on DfE for its principal funding source, largely from recurrent grants. In 2016/17 DfE provided 61% (2015/16 - 62%) of the College's total income through allocated recurrent grant. This represented 16% of the total recurrent grant available to the sector.

Reserves

The College has accumulated reserves of £35,386k and cash balances of £10,660k.

The College plans to invest some of its reserves in the following:

- The advanced works at the Springtown campus commenced in 2016 and the main works(subject to funding) will commence in early 2018 with completion planned for 2019. The development will transform the building from a 1960s training centre to a modern fit for purpose campus providing a curriculum delivery across a number of vocational areas.
- The Assisted Living Centre Development will commence in the latter part of 2017 with completion planned for the end of the first quarter of 2018.
- A business case has been developed for the Strabane campus and is currently with DfE for consideration.
- A business case has been developed to refurbish and extend the Strabane campus and is currently with DfE for consideration.

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 £1,936k operating cash inflow for the year. (2016 - £914k outflow)

Liquidity

As per the balance sheet the College's liquidity is very strong. Provided budget cover is given, cash reserves will be used to further invest in developing the curriculum and College estate. In addition, the sector may face significant budgetary cuts in the next planning cycle which will challenge the current financial stability.

Interest Rate Risk

The College has an investment policy agreed by the Governing Body. The College has spread its deposits across a number of financial institutions. 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 significant decrease of 8.6% between 2015/16 and 2016/17 due in the main to the declining demographics in the North West.

- Full-time gross FE FLU enrolments decreased to 2,8351 (3,103 in 15/16)
- Full-time Maximum Student Numbers (MASN) HE enrolments increased to 7041 (686 in 15/16)
- Full-time Training For Success/ApprenticeshipNI gross enrolments decreased to 5161 (639 in 15/16)
- Part-time gross enrolments decreased by 9.9% to 12,7921 (14,200 in 15/16)

In terms of FLU, the College delivered an actual total of 5,995² against FLU Target of 6,615. This was made up of:

- FE 4,4672 – FLU FE Target 4,922
- HE 1,2792 - FLU HE Target 1,339
- ESK 2492 - FLU ESK Target 354

¹ 'Enrolment Analysis' extract 21st August 2017

² FLU extract 2nd August 2017

Curriculum

The College offers education and training programmes at Levels 1-7 across a wide range of professional and technical areas. In 2016/17 there were 16,922¹ students enrolled on its programmes across all campuses, including outreach.

The higher education provision accounts for 22%² of the total College Funded Learning Unit (FLU) count excluding essential skills. The total Further Education FLU count for the College was 4,467². As part of the Entitlement Framework provision offered to post-primary schools, there were 834¹ enrolments across 19 schools from three area learning communities.

Some 23% of students attended on a full time basis. Within the full time cohort of students, 46% of students were male and 54% were female. The College also delivered Work Based Learning in 14 vocational areas as part of the Training for Success, Apprenticeship NI and Youth Training programmes. 8.6%² of FLU funded full-time students had a learning disability and were supported in their learning within mainstream provision.

In relation to DfE FLU Targets, the College delivered 5,995¹ FLUs, which is 9.4% lower than the FLU target of 6,615.

Higher Level Apprenticeship (HLA)

NWRC continued to offer HLA courses in:

- Accountancy
- Hospitality & Tourism Management
- Mechanical Engineering
- Software Development
- Travel & Tourism Management

New HLA courses were offered in 16/17:

- Digital Marketing
- Electrical and Electronic Engineering

Youth Training Level 2 and Apprenticeship Level 3 (pilot)

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

- Hairdressing
- Health & Social Care

New Youth Training Level 2 courses were offered in:

- Business
- Motor Vehicle (2 strands)
- Wood Occupations

New Apprenticeships Level 3 (pilot) in:

- Dental Nursing

¹ Enrolment analysis 21st August 2017

² FLU Extract 2nd August 2017

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 2016 to 31 July 2017, the College paid 93% of its invoices within 30 days (2015/16 - 93%). 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 2016 to 31 July 2017, the College paid 66% of its invoices within 10 days. (2015/16 – 79%)

Post-Balance Sheet Events

There have been no significant post balance sheet events.

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 advanced works at the Springtown campus commenced in 2016 and the main works(subject to funding) will commence in early 2018 with completion planned for 2019. The development will transform the building from a 1960s training centre to a modern fit for purpose campus providing a curriculum delivery across a number of vocational areas.

The Assisted Living Centre Development will commence in the latter part of 2017 with completion planned for the end of the first quarter in 2018.

A business case has been developed for the Strabane campus and it is currently with DfE for consideration.

**NORTH WEST REGIONAL COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2017**

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	15,072
Strand Road	17,712
Limavady	8,578
Northland	9,235
Centre for Technology	6,493
Strabane	1,942
Springtown	750

Financial:

The College has £35million of net assets (including an £5million pension liability).

People:

The College employs 559 people (expressed as full time equivalents), of whom 334 are teaching staff.

Sickness/Absence Data	2016-17	2015-16
No of days absent	5069	5457
Time Lost	3.05%	3.31%
Average Day Lost per employee	6.9 days	6.4 days

SUMMARY OF COLLEGE HIGHLIGHTS

- Our College was awarded STEM Assured status reflecting the quality of programmes and learning resources we now have offer in the areas of Science, Technology, Engineering and Mathematics
- Cameron Nutt, who is studying Carpentry at our Greystone Campus, represented Team UK at the recent World Skills Final in Abu Dhabi– the 4th consecutive World finals where our College been represented
- We remain the first ever UK Further Education College to host to the prestigious Salters Festival of Chemistry and we did so again in 2017 for the third year in succession
- Civil Engineering graduate Declan Doherty was appointed Project Manager for the Redevelopment of the North Wing at Altnagelvin Hospital
- Our College secured almost €900,000 of Erasmus+ funding to send staff and students to a number of European countries, where they will undertake study or complete traineeships across all areas of the curriculum
- Health Student Ashleigh Newton recently won a JP McManus Scholarship worth up to £5,500 for each year to support Higher Education studies
- We became the first FE College in Northern Ireland to provide a dedicated Maths Support Centre
- Our Marketing & PR team recently won Gold at the Chartered Institute of Public Relations Awards for their ‘Start Here Go Anywhere’ Education Communications campaign
- We have officially opened the region’s first centre of excellence for food development and technology. Foodovation, offers a sanctuary to develop excellence in food innovation, science and technology
- Our College is now a fully accredited Investors in People award winner. We are also a founder and leadership College in Creative and Cultural Skills, which highlights our courses and experiences in the Creative Arts
- Award winning actress and former College student was the special guest at our Best in Further Education Awards ceremony this year. Eva Birthistle who starred in the Oscar nominated ‘Brooklyn’ helped to acknowledge the achievements of 240 College learners at a special ceremony at the Millennium Forum to celebrate the ‘Best in Further Education ’ learners from across the college’s courses
- Northern Ireland’s all-time leading international goal scorer David Healy had a message for North West Regional College students when he visited the Limavady campus in March: “*Aim for the stars, anything is possible.*” The Linfield manager was our special guest as part of our continuing series of ‘Getting To The Top of Your Game’ masterclasses
- Our Business Support Centre has announced details of a new £150k Knowledge Transfer Partnership (KTP) project with AE Global. The project is funded by InnovateUK and Invest NI and aims to develop a business and process management platform called DELA (Database of Engineering and Logistical Analytics)
- Local people were asked to help light up Derry~Londonderry at North West Regional College’s inaugural 5k event this year. The 5k ‘Glow-Run’ saw walkers and runners, complete with their glowsticks, light up the event route over the city’s iconic Peace Bridge, finishing at the College’s Foyle Building

Reputation:

NWRC is one of the top 100 largest Colleges in the UK and has a track record for success. The College believes that it is well placed to take on the challenge of enhancing the skill set of the population. The College has a good reputation both locally and regionally for its further and higher education provision. The facilities available for teaching and learning range from good to outstanding across the majority of the provision.

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. In 2016-2017 the scrutiny inspection of the SER process was graded "Confidence". The Youth Traineeship Pilots and L3 Apprenticeship Pilots were once again positively received by DfE and whilst no grade was awarded a positive ETI Evaluation Report was received. The Higher Level Apprenticeships were also evaluated and received a positive report. An inspection was also carried out at HMP Magillgan for which the feedback was very positive. A full report is expected in 2017/18 with the grading expected to be 'Very good'.

Name of Inspection	Overall Grade
ETI Follow-up Inspection Essential Skills	Good
ETI Follow-up Inspection Work-Based Learning	Good
ETI Scrutiny Inspection of the Self-Evaluation and Quality Improvement Planning Processes	Confidence
ETI Longitudinal Inspection of the Further Education and Work-Based Learning	Good

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. Areas of improvement are addressed by the College, through Quality Improvement Plans and continuous improvement continues to be an on-going focus of the new Quality Enhancement Unit.

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 has been no external review by the Quality Assurance Agency since the summative review of the College's Higher Education in 2013 when Confidence was placed in the College's management of its responsibilities and standards of learning opportunities and Reliance placed on the accuracy and completeness of published information. There are a number of internal committees for the academic oversight of all College provision which includes 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 inspection reports and by student feedback. An ILT survey was also undertaken by staff and the results will be known early in the new academic year.

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 6 reports Satisfactory and 1 report Limited. The Limited report was subsequently reviewed and re-graded as Satisfactory. The overall end of year report was graded as Satisfactory.

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 - Government Funding

Given the pressures on the wider public finances, cuts to the block grant in the coming years must be considered. The allocation for 2016/17 is in line with 2015/16, however there are indications that funding in subsequent years will be reduced. DfE are currently reviewing options for a new funding model. Reduced enrolments and the impact of BREXIT (as yet unknown) may impact on funding.

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
- North West Workforce Development Forum
- 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 the participation of people with a disability on committees and groups across the College
- Encourage students with a disability to participate more fully in College life
- Promote the use of DisabledGo website to encourage participation of people with a disability
- Implementation of reasonable adjustments for students and staff with a disability
- Review of appropriate allocation and usage of designated car parking facilities on all College campuses
- Ensure staff receive anti-discrimination and SENOD training as part of induction
- Provision of bespoke training to address specific needs of students with a disability
- Provision of disability equality training to staff
- Monitor and review of Disability Action plan
- Encourage work placements for people with a disability

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 were no data related incidents during the 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: KPMG
(to 31 July 2017) Stokes House
17–25 College Square East
Belfast, BT1 6DH

Bankers: Bank of Ireland
(to 31 July 2017) 15 Strand Road
Derry, BT48 7BT

Bankers: Danske Bank
(from 1 August 2017) Corporate Banking
P.O. Box 183
Donegall Square West
Belfast, BT1 6JS

**NORTH WEST REGIONAL COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2017**

Members

The members who served the Governing Body during the year 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 2016/17]
Mr M Agnew	05/03/2013	4 yrs	04/03/17	Vice Chair	FC, SC	4(4)
Mr S Atcheson	12/01/2015	4 yrs	-	Education Authority Nominee	AC, SC	6(8)
Dr B Burns	12/06/2014	4 yrs	07/09/16	Member	AC, SC	0(0)
Mr P Canavan	12/06/2014	4 yrs	-	Member	EC, FC	7(8)
Mr M Cooper	24/11/2014	4 yrs	-	Education Authority Nominee	EC, FC	1(8)
Ms S Curran	28/10/2016	**	20/03/17	Student Member	-	1(5)
Mrs R Dougherty	04/04/2016	4 yrs	-	Member	AC, SC	7(8)
Mr G Finnegan	01/04/2014	4 yrs	-	Chair	-	8(8)
Mr S Gillespie	14/12/2015	4 yrs	-	Co-opted	AC	4(8)
Dr N Hand	09/01/2017	4 yrs	-	Member	AC	4(6)
Mr E Kelly	13/04/2017	**	-	Student Member	-	2(2)
Mr G Killeen*	01/08/2015	4 yrs	-	Member	AC, EC	7(8)
Mr P Laughlin	01/08/2015	4 yrs	-	Member	AC, SC	4(8)
Mr D Limb	15/12/2014	4 yrs	30/06/17	Staff Member	FC	6(6)
Mrs C McFarland*	01/07/2016	4 yrs	-	Member	AC, SC	4(8)
Mr S McGregor*	01/08/2015	4 yrs	-	Member	EC, FC	8(8)
Mr A Magee	21/07/2016	4 yrs	-	Support Staff Member	AC	6(6)
Mr L Murphy	05/05/2014	4 yrs	-	Principal & CEO	EC, FC, SC	7(8)
Mr M O'Kane*	01/07/2016	4 yrs	-	Member	EC	8(8)
Dr M O'Neill	07/06/2017	4 yrs	-	Co-opted		0(1)
Mr B Quinn	01/08/2015	4 yrs	-	Member	EC, FC	7(8)

AC - Audit and Risk Committee

EC - Education Committee

FC - Finance and General Purposes Committee

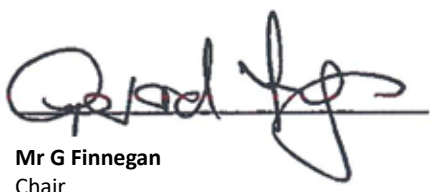
SC - Staffing Committee

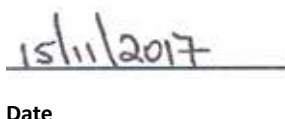
***** - Re-appointed date of second term

****** - Term of Office completes on 30/09/2017 or until the date on which he/she ceases to be a student at the College, whichever first occurs.

() - Number of meetings members were eligible to attend

For and on behalf of the members of the Governing Body


Mr G Finnegan
Chair


Date

Remuneration Report

**NORTH WEST REGIONAL COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2017**

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 College also reimburses governing body members for any incidental expenses incurred for carrying out their duties relevant to the organisation.

The remuneration of Chairman and Board members is as follows:

	2016/17		2015/16	
	Salary and Allowances	Benefits in Kind	Salary and Allowances	Benefits in Kind
	£'000	£'000	£'000	£'000
Mr G Finnegan (Chair)	15-20	-	10-15	-
Mr M Agnew	0-5	-	0-5	-
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	0-5	-	0-5	-
Mr M Cooper	0-5	-	0-5	-
Mr S Gillespie	0-5	-	0-5	-
Mrs C McFarland	0-5	-	0-5	-
Mr B Quinn	0-5	-	0-5	-
Ms R Dougherty	0-5	-	0-5	-
Mr R Kelly	0-5	-	0-5	-
Ms S Curran	0-5	-	-	-
Mr N Hand	0-5	-	-	-

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 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.

**NORTH WEST REGIONAL COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2017**

Service contracts

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

Salary and pension entitlements

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

Remuneration (Audited)

Senior Management	2016/17				2015/16			
	Salary	Benefits in kind	Pension benefits	Total	Salary	Benefits in kind	Pension benefits	Total
	£'000	£	£'000*	£'000	£'000	£	£'000	£'000
Mr L Murphy <i>Principal & Chief Executive</i>	110-115	Nil	19	129-134	110-115	Nil	25	135-140
Mrs K Duffy <i>Director</i>	80-85	Nil	18	98-103	80-85	Nil	26	106-111
Mr D Kinnaid Director <i>(Seconded from 11 April 2017)</i>	80-85	Nil	25	105-110	80-85	Nil	15	95-100
Mr P McKeown <i>Director</i>	80-85	Nil	22	102-107	80-85	Nil	26	106-111
Mr C Morrison <i>Director</i>	80-85	Nil	5	85-90	80-85	Nil	10	25-30
Mrs S Traynor <i>Director (from 9 April 2017)</i>	20-25	Nil	18	38-43	Nil	Nil	Nil	Nil

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.

* 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.

	2016-17	2015-16
	£'000	£'000
Band of highest paid directors total remuneration	110-115	110-115
Median total remuneration	25,267	25,972
Ratio	4.4	4.3

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.

**NORTH WEST REGIONAL COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2017**

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 age 60 as at 31/7/17 and related lump sum	Real increase in pension and related lump sum at Pension age	CETV at 31/7/17	CETV at 31/7/16	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Mr L Murphy, Principal & Chief Executive	35-40 Plus lump sum of 105-110	0-2.5 Plus lump sum of 2.5-5.0	768	718	50
Mrs K Duffy, Director	35-40 Plus lump sum of 80-85	0-2.5 Plus lump sum of (0-2.5)	676	640	23
Mr D Kinnaird, Director	40-45 Plus lump sum of 120-125	0-2.5 Plus lump sum of 2.5-5.0	883	828	54
Mr P McKeown, Director	20-25 Plus lump sum of 35-40	0-2.5 Plus lump sum of (0-2.5)	347	321	16
Mr C Morrison, Director	35-40 Plus lump sum of 110-115	0-2.5 Plus lump sum of 0-2.5	851	852	(1)
Mrs S Traynor, Director	15-20 Plus lump sum of 45-50	0-2.5 Plus lump sum of 0-2.5	324	310*	14

*Comparative figure for Mrs S Traynor is at 09/04/2017 – start date of Senior Management post

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 accounts of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

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 2017**

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 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.

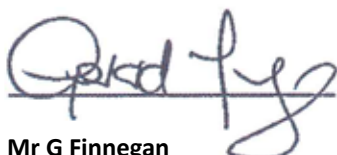
The Governing Body is also required to prepare an Annual Strategic Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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 15 November 2017 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, members nominated by the Education Authority for the area, staff and students of the College, the Principal & Chief Executive and people 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 2016/17 academic year and has 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 2016/17, 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 2016 to 31 July 2017. The assessment took the form of a questionnaire to members on the following six topics;

- Personal Performance
- Governing Body's Performance
- Governing Body Procedures & Composition
- Governing Body Committees
- Training & Induction
- Chairperson's Role

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 results

Governing Body Evaluation (continued)

favourable for all statements within the 6 listed topics. The percentage of respondents who agreed/strongly agreed with each of the statements ranged from 92.9% to 99.1%.

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 4 times during the 2016/17 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.

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.

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.

Education Committee

The Education Committee is responsible for overseeing the curricular provision of the College, especially the nature, quality and performance of the provision and the extent to which it meets the needs of the community the College seeks to serve.

For Membership and Attendance of Committees see table on page 20.

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.

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 2017 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. The Audit & Risk Committee also agrees the internal audit work schedule and all internal audit reports are reviewed by the Committee. 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 two risks were re-evaluated to high risk – Impact of Reduced Enrolment Numbers & Reduction in FLU and Failure to Maintain Financial Stability. 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 concerning internal control including presentations from Heads of School at Audit and Risk Committee meetings. 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:

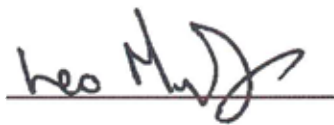
- Regularly review and update the record of risks facing the organisation;
- Maintain the system of key performance and risk indicators; and
- Maintain the organisation-wide risk register.

Internal Control Processes (continued)

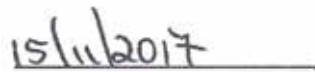
The College has an internal audit service, the work of which concentrates on areas of key activities determined by an analysis of the areas of greatest risk and in accordance with the annual internal audit plan approved by the Governing Body. The Internal Auditors report to the Accounting Officer and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



Date



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

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 2017 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, Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of North West Regional College's affairs as at 31 July 2017 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

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.

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 (UK)). My responsibility under those standards are further described in the Auditor's responsibility for the audit of the financial statements section of this certificate. Me and my staff are independent of North West Regional College in accordance with the ethical requirements of the Financial Reporting Council's Ethical Standard, 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.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governing Body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about North West Regional College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information in the annual report and accounts

The Governing Body is responsible for the other information reported in the annual report and accounts. The other information comprises the information included in the annual report and accounts other than the financial statements, the part of the Remuneration Report to be audited and my certificate thereon. My opinion on the 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 in the annual report and accounts 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 part of the Remuneration Report to be audited has been properly prepared in accordance with Department for the Economy directions made under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008; and
- the information given in the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement of Corporate Governance and Internal Control does not reflect compliance with Department of Finance's guidance.

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, and for such internal control as the Governing Body determines is necessary to

enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing Body is responsible for assessing North West Regional College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008.

This requires me to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

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

23 November 2017

Statement of Comprehensive Income and Expenditure

NORTH WEST REGIONAL COLLEGE
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 JULY 2017

			Restated
	Notes	2017	2016
		£'000	£'000
Income			
Department for the Economy Grants	2	29,073	29,565
Education contracts	3	2,723	3,502
Tuition fees and charges	4	2,983	2,471
Other grant income	5	885	431
Other operating income	6	1,163	906
Investment income	7	81	92
		<hr/>	<hr/>
Total income		36,908	36,967
Expenditure			
Staff costs	8	21,535	20,613
Fundamental restructuring costs	8	597	1,779
Other operating expenses	10	11,851	12,089
Depreciation	13	2,862	2,602
Interest and other finance costs	11	1,259	1,262
		<hr/>	<hr/>
Total expenditure		38,104	38,345
(Deficit) before other gains/losses		(1,196)	(1,378)
(Loss) on disposal of assets		-	-
(Deficit) before tax		(1,196)	(1,378)
Taxation	12	-	-
		<hr/>	<hr/>
(Deficit) for the year		(1,196)	(1,378)
Unrealised surplus on revaluation of Land & Buildings		1,891	3,263
Actuarial gain/(loss) in respect of pension scheme		4,558	(4,171)
		<hr/>	<hr/>
Total comprehensive (expenditure)/income for the year		5,253	(2,286)
Represented by:			
Unrestricted comprehensive income/(expenditure) for the year		4,305	(4,732)
Revaluation Reserve Comprehensive Income for year		948	2,446
		<hr/>	<hr/>
		5,253	(2,286)
		<hr/>	<hr/>

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 2017**

	Unrestricted Reserves	Revaluation Reserve	Total
	£'000	£'000	£'000
Balance at 1 August 2015	3,569	28,850	32,419
Surplus/(deficit) from income and expenditure account	(1,378)	-	(1,378)
Other comprehensive (expenditure)/income	(4,171)	3,263	(908)
Transfers between revaluation and income and expenditure account	817	(817)	-
Release of restricted funds spent in year	-	-	-
Balance at 1 August 2016	(1,163)	31,296	30,133
Surplus/(deficit) from income and expenditure statement	(1,196)	-	(1,196)
Other comprehensive (expenditure)/income	4,558	1,891	6,449
Transfers between revaluation and income and expenditure account	943	(943)	-
Release of restricted funds spent in year	-	-	-
Total comprehensive (expenditure)/ income for the year	4,305	948	5,253
Balance at 31 July 2017	3,142	32,244	35,386

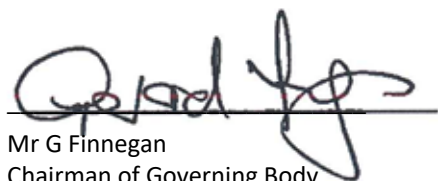
The accompanying accounting policies and notes form an integral part of these financial statements.

Balance Sheet

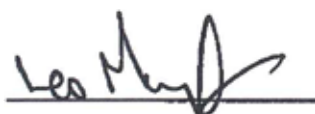
**NORTH WEST REGIONAL COLLEGE
BALANCE SHEET
AS AT 31 JULY 2017**

	Notes	2017 £'000	2016 £'000
Non Current Assets			
Tangible fixed assets	13	69,093	68,219
Current Assets			
Trade & Other Receivables	15	2,063	3,032
Cash & Cash Equivalents	19	10,660	8,724
Total current assets		12,723	11,756
Less: Creditors: amounts falling due within one year	16	(7,705)	(6,754)
Net current assets		5,018	5,002
Total assets less current liabilities		74,111	73,221
Less: Creditors: amounts falling due after more than one year	17	(33,675)	(34,212)
Provisions		40,436	39,009
Pension Provision	20	(5,050)	(8,876)
Net Assets including pension liability		35,386	30,133
Unrestricted Reserves			
Income and expenditure reserve		8,192	7,713
Pension Reserve		(5,050)	(8,876)
		3,142	(1,163)
Revaluation Reserve		32,244	31,296
TOTAL		35,386	30,133

The financial statements on pages 39 to 73 were approved by the Governing Body of the North West Regional College on 15th November 2017 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.

Cashflow Statement

**NORTH WEST REGIONAL COLLEGE
CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2017**

	Notes	2017 £'000	2016 £'000
Cash inflow/(outflow) from operating activities			
Surplus/(Deficit) for the year		(1,196)	(1,378)
Adjustment for non-cash items			
Depreciation	13	2,862	2,602
Decrease/(increase) in debtors	15	620	12
Increase/(decrease) in creditors	16	649	555
NILGOSC FRS 102 (28) Pension Adjustment		732	426
Adjustment for investing or financing activities			
Interest Receivable	7	(81)	(92)
Interest payable	11	1,059	1,124
Deferred Capital Grants release	2	(1,435)	(1,165)
		<hr/>	<hr/>
Net cash inflow from operating activities		3,210	2,084
Cash flows from investing activities			
Investment interest		89	96
Payments made to acquire fixed assets		(1,823)	(2,447)
Capital Grants Received		2,163	1,024
		<hr/>	<hr/>
		429	(1,327)
Cash outflows from financing activities			
Interest element of finance lease and service concession payments	11	(1,059)	(1,124)
Capital element from lease	14	(644)	(547)
Increase/(Decrease) in cash and cash equivalents in the year	19	1,936	(914)
Net funds at 1 August 2016		<hr/>	<hr/>
		8,724	9,638
		<hr/>	<hr/>
Net funds at 31 July 2017		10,660	8,724

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 parliamentary 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.

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

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

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

Capital Grants (non land grants) (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 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.

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 change 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.

- **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 2017. They are not depreciated until they are brought into use.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

- **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.

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.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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.

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 25, 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

Restated

	2017	2016
	£'000	£'000
Grant in Aid Received from DfE		
Recurrent grant	22,672	22,804
Release of deferred capital grant	1,435	1,165
Skills Focus	239	199
Minor Works	99	46
Employer Support Program	198	198
Private Finance Initiative	1,603	1,651
Additional Support Funds	445	352
Voluntary Exit Scheme Funds (VES)	526	1,785
Pension Pressures	280	460
Procurement Funding	14	21
Inescapables Funding	181	374
	<hr/>	<hr/>
Grant In Aid Items	27,692	29,055
	<hr/>	<hr/>
Non-Grant in Aid received from DfE		
Educational Maintenance Allowance administration	29	30
Curriculum Development Specialist	(6)	57
GB Remuneration	-	16
Future Skills	5	-
Higher Level Apprenticeships	280	131
Youth Training Pilot	930	186
Skills Development Funding	-	12
Project Based Learning Mentoring	9	-
Worldskills	5	3
Essential Skill Change Funding	16	21
Lecturers into Industry	-	1
ILM Level 5	-	19
Sector Development Funding	25	34
Bemis	31	-
FE Systems, Technology & Services Project	57	-
	<hr/>	<hr/>
Non-grant in Aid Items	1,381	510
	<hr/>	<hr/>
Total DfE income	29,073	29,565
	<hr/>	<hr/>

Higher Level Apprenticeships income and Youth Training Pilot income were previously included as Grant in Aid income for 2015/16 but are now included as Non-Grant in Aid income for 2016/17 as directed by DfE

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

3. EDUCATION CONTRACTS	2017	2016
	£'000	£'000
Entitlement Framework	570	630
Training for Success Into Work	2,070	2,749
	83	123
Total	2,723	3,502

4. TUITION FEES AND CHARGES	2017	2016
	£'000	£'000
Higher Education (HE) Income	1,860	1,529
Further Education (FE) Income	1,123	942
Total	2,983	2,471

Included within the above amounts are amounts which fund bursaries of £116k (2016: £128k)

5. OTHER GRANT INCOME	2017	2016
	£'000	£'000
European Funds	344	124
Other Funds	541	307
Total	885	431

6. OTHER OPERATING INCOME	2017	2016
	£'000	£'000
Catering and residence operations	178	176
Other income generating activities	831	674
Other income	154	56
Total	1,163	906

7. INVESTMENT INCOME	2017	2016
	£'000	£'000
Other interest receivable	81	92
Total	81	92

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:

	2017	2016
	Number	Number
Teaching	334	338
Support	63	64
Administration	140	125
Premises	22	23
	<hr/>	<hr/>
Total	559	550
	<hr/>	<hr/>
Staff costs for the above persons:	2017	2016
	£'000	£'000
Teaching	13,810	14,039
Support	1,695	1,649
Administration	4,936	4,099
Premises	562	538
FRS 17 Adjustment	532	288
	<hr/>	<hr/>
	21,535	20,613
Exceptional Staff Costs	597	1,779
	<hr/>	<hr/>
Total	22,132	22,392
	<hr/>	<hr/>
	2017	2016
	£'000	£'000
Wages and salaries	16,498	15,987
Social security costs	1,593	1,337
Movement in Pension	532	288
Other pension costs	2,912	3,001
	<hr/>	<hr/>
	21,535	20,613
Exceptional Staff Costs	597	1,779
	<hr/>	<hr/>
Total	22,132	22,392
	<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	
	2017 No.	2016 No.	2017 No.	2016 No.
£60,001 to £70,000	-	-	9	11
£70,001 to £80,000	1	-	-	-
£80,001 to £90,000	-	-	-	-
£90,001 to £100,000	4	4	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	1	-	-	-
£130,001 to £140,000	-	1	-	-
	6	5	9	11

Support staff received a 1% pay rise during the year.

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, include remunerated non-executive Governing Body members.

	2017 Number	2016 Number
The number of senior post-holders including the Principal & Chief Executive was:	5	5

David Kinnaird is on secondment to DfE effective April 2017.

	2017 £,000	2016 £'000
Senior post-holders' emoluments are made up as follows:		
Salaries	452	435
Pension contributions	83	81
Total Emoluments	535	516

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:

	2017	2016
	£'000	£'000
Salaries	111	111
Benefits in kind	-	-
	<u>111</u>	<u>111</u>
Pension contributions	19	20
	<u>19</u>	<u>20</u>
Total	<u>130</u>	<u>131</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

	2017	2016
	£'000	£'000
Direct Teaching	731	747
Direct Support	2,684	2,668
Administration	2,490	2,135
Consultancy Fees	-	31
Premises	4,504	4,987
Unitary payments under PFI contract	1,442	1,521
	<u>11,851</u>	<u>12,089</u>
Interest and Other Finance Costs	200	138
Interest element of Finance Lease	1,059	1,124
	<u>1,059</u>	<u>1,124</u>
Total	<u>13,110</u>	<u>13,351</u>

Other operating expenses include:

Auditors' remuneration		
- external audit	20	23
- internal audit	20	21
- other services provided by internal auditors	6	21
Remuneration of Governing Body members	48	29
Hire of other assets-operating leases	13	169
	<u>107</u>	<u>263</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

	2017	2016
11. INTEREST AND OTHER FINANCE COSTS	£'000	£'000
On finance leases	1,059	1,124
Net charge on pension scheme	200	138
Total	1,259	1,262

12. TAXATION

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

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

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 2016	57,766	12,520	3,289	1,898	305	182	75,960
Additions	751	27	622	429	0	22	1,851
Revaluations	2,175	(284)	-	-	-	-	1,891
Write back	(3,403)	(639)	-	-	-	-	(4,042)
Depreciation on Revaluation							
Disposals	-	-	(16)	-	-	-	(16)
At 31 July 2017	57,289	11,624	3,895	2,327	305	204	75,644
<u>Depreciation</u>							
At 1 August 2016	1,643	1,940	2,216	1,474	301	167	7,741
Charge for the year	1,760	452	353	280	4	13	2,862
Revaluations	(3,403)	(639)	-	-	-	-	(4,042)
Disposals	-	-	(10)	-	-	-	(10)
At 31 July 2017	0	1,753	2,559	1,754	305	180	6,551
Net Book Value							
At 31 July 2017	57,289	9,871	1,336	573	-	24	69,093
Net Book Value							
At 31 July 2016	56,123	10,580	1,073	424	4	15	68,219

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.

	2017	2016
	£'000	£'000
If inherited land and buildings had not been re-valued they would have been included at the following amounts:		
Cost	-	-
Aggregate depreciation based on cost	-	-
	<hr/>	<hr/>
Net book value based on cost	-	-
	<hr/>	<hr/>
The depreciation charge for the year is analysed as follows:	£'000	£'000
Owned assets	2,410	2,170
PFI assets	452	432
	<hr/>	<hr/>
	2,862	2,602
	<hr/>	<hr/>

14. SERVICE CONCESSION ARRANGEMENTS

The College has 1 on balance sheet arrangements 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 2017 is £9,235k (2016: £9,847k). The decrease is due to depreciation of £328k and a downwards revaluation of £284k at 31 July 2017.

Movement in service concession liabilities

The total liabilities relating to the service concession included in the balance sheet as at 31 July 2017 were £7,854k (2016: £8,472k). The sum of £644k 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	758	4,181	2,915	7,854
Finance charge	979	3,114	895	4,988
Service charge	1,440	5,739	5,706	12,885
	3,177	13,034	9,516	25,727

15. TRADE & OTHER RECEIVABLES

2017
£'000

2016
£'000

Amounts falling due within one year:

Trade receivables	39	65
Other receivables	140	254
Prepayments and accrued income	1,644	2,443

Total

1,823

2,762

Amounts falling due after one year:

Surplus land receivable arising on PFI contract	240	270
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Total Receivables

2,063

3,032

**NORTH WEST REGIONAL COLLEGE
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16. CREDITORS: AMOUNTS FALLING DUE IN LESS THAN 1 YEAR

	2017	2016
	£'000	£'000
Service concession arrangements	758	644
Trade creditors	1,503	656
Taxation and social security	615	649
Accruals and deferred income	4,829	4,805
Amounts owed to the Department	-	-
	<u>7,705</u>	<u>6,754</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.

	2017	2016
	£'000	£'000
Grant income	243	358
Other income	164	280
Total	<u>407</u>	<u>638</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR:

	2017	2016
	£'000	£'000
Deferred income	26,579	26,384
Service concession liabilities due after one year	7,096	7,828
Total Creditors after one year	<u>33,675</u>	<u>34,212</u>

18. PROVISIONS FOR LIABILITIES AND CHARGES

There were no provisions in the year.

19. CASH AND CASH EQUIVALENTS

	As 1 August 2016	Cash Flows	At 31 July 2017
	£'000	£'000	£'000
Cash and Cash equivalents at 31 July 2017	8,724	1,936	10,660

20. 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	2017	2016
	£'000	£'000
NITPS: contributions paid	1,841	2,098
NILGOSC: Contributions paid	1,071	902
NILGOSC: FRS 17 Adjustments	532	288
NILGOSC: Charge to the Statement of Comprehensive Income	1,603	1,190
Total Pension Cost for Year	3,444	3,288

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.

20. PENSION AND SIMILAR OBLIGATIONS (CONTINUED 1)

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 17.7% from 1 April 2015.

The salary bands applicable to member contributions for the NITPS, based on members' annual salary rate (actual earnings), from 1st April 2015 to 31st March 2017 were;

Salary

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

From 1st April 2017 the bands changed to those below:

Salary

Up to £26,259	7.4%
£26,260 to £35,349	8.6%
£35,350 to £41,914	9.6%
£41,915 to £55,549	10.2%
£55,500 to £75,749	11.3%
£75,750 and above	11.7%

The NITPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme, and therefore, as required by FRS 102 (28) accounts for the scheme as if it were a defined-contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income 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.

20. PENSION AND SIMILAR OBLIGATIONS (CONTINUED 2)

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 2017 by a qualified actuary.

	At 31 July	At 31 July
Principal actuarial assumptions	2017	2016
Principal actuarial assumptions at Balance Sheet date are as follows:	%	%
Rate of increase in salaries	3.5	3.3
Rate of increase for pensions in payment/inflation	2.0	1.8
Pension accounts revaluation rate	2.0	1.8
Discount rates for scheme liabilities	2.6	2.4

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
	2017	2016
Retiring today		
Males	23.2 years	22.3 years
Females	25.8 years	24.8 years
Retiring in 20 years		
Males	25.4 years	24.5 years
Females	28.1 years	27.2 years

20. PENSION AND SIMILAR OBLIGATIONS (CONTINUED 3)

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

	Asset Allocation at 31 July 2017	Value at 31 July 2017	Asset Allocation at 31 July 2016	Value at 31 July 2016
	%	£'000	%	£'000
Equities	74.2	19,459	72.1	17,157
Bonds	11.1	2,911	11.8	2,808
Property	9.9	2,596	12.3	2,927
Cash	3.8	997	3.2	761
Other	1.0	262	0.6	143
Total Market Value of Assets		26,225		23,796

	2017 £'000	2016 £'000
Amounts recognised in the balance sheet		
Fair value of plan assets	26,225	23,796
Present value of scheme liabilities	(31,275)	(32,672)
Deficit in the scheme (Net pension liability recorded within pension provisions)	(5,050)	(8,876)

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

	2017 £'000	2016 £'000
Amounts included in staff costs		
Current service cost	1,377	1,063
Past service cost	226	127
Total operating charge	1,603	1,190
Analysis of pension finance income / (costs)		
Interest income on assets	(583)	(747)
Interest cost	783	885
Net charge	200	138

20. PENSION AND SIMILAR OBLIGATIONS (CONTINUED 4)

Analysis of Other Comprehensive Income and Expenditure for Pensions

	2017	2016
	£'000	£'000
Actuarial gains/(losses) on pension scheme assets	851	1,822
Actuarial gains/(losses) on scheme liabilities	3,707	(5,993)
Total Other Comprehensive Income and Expenditure	4,558	(4,171)

Movement in deficit during the year

	2017	2016
	£'000	£'000
Deficit in scheme at 1 August 2016	(8,876)	(4,279)
Movement in the year:		
Current service cost	(1,377)	(1,063)
Employer contributions	1,071	902
Past service cost/gain	(226)	(127)
Net interest	(200)	(138)
Actuarial gain or (loss) recognised in other Comprehensive Income and Expenditure	4,558	(4,171)
Deficit in scheme at 31 July 2017	(5,050)	(8,876)

Asset and Liability Reconciliation

	2017	2016
	£'000	£'000
Reconciliation of Liabilities:		
Liabilities at start of period	32,672	24,561
Service cost	1,377	1,063
Interest cost	783	885
Employee contributions	271	243
Actuarial (gain)/loss	(3,707)	5,993
Benefits paid	(347)	(200)
Past service cost	226	127
Liabilities at end of period	31,275	32,672

**NORTH WEST REGIONAL COLLEGE
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20. PENSION AND SIMILAR OBLIGATIONS (CONTINUED 5)

	2017	2016
	£'000	£'000
Reconciliation of Assets:		
Assets at start of period	23,796	20,282
Interest Income	583	747
Actuarial (loss)/gain	851	1,822
Employer contributions	1,071	902
Employee contributions	271	243
Benefits paid	(347)	(200)
	<hr/>	<hr/>
Assets at end of period	26,225	23,796
	<hr/>	<hr/>

The estimated value of employer contributions for the year ended 31 July 2017 is £1,071,000.

21. POST BALANCE SHEET EVENTS

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

22. CAPITAL COMMITMENTS

	2017	2016
	£'000	£'000
Commitments contracted for at 31 July 2017	42	817
	<hr/>	<hr/>

PFI Contract

Capital repayments will be made over a 25 year period and will be funded by DfE.

23. FINANCIAL COMMITMENTS

At 31 July 2017 the College had annual commitments under non-cancellable operating leases as follows:

	2017	2016
	£'000	£'000
LESSEE:		
Land and Buildings:		
Expiring within one year	-	9
Expiring within two and five years inclusive	-	-
	<hr/>	<hr/>
	-	9
Other:		
Expiring within one year	-	-
Expiring within two and five years inclusive	30	47
Expiring in over five years	-	-
	<hr/>	<hr/>
	30	47
LESSOR:		
Land and Buildings		
Expiring within one year	2	1
Expiring within two and five years inclusive	3	-
	<hr/>	<hr/>
	5	1

24. 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 organisations in which a member of the Board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

<u>Paid / Payable</u>	2017	2016
Company	£'000	£'000
Noribic	-	9
	<hr/>	<hr/>
	-	9
	<hr/>	<hr/>
Amounts Outstanding	2017	2016
	£'000	£'000
Noribic	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Company	2017	2016
	£'000	£'000
Noribic	2	2
	<hr/>	<hr/>
	2	2
	<hr/>	<hr/>
Amounts Outstanding	2017	2016
	£'000	£'000
Noribic	-	2
	<hr/>	<hr/>
	-	2
	<hr/>	<hr/>

Noribic is a Not for Profit Business Innovation Centre who provide mentoring and business coaching to SME's, Micro Businesses and Start-Ups.

L Murphy, current Principal, became the FE Representative on the Noribic Board on 10 December 2014.

25. AGENCY ARRANGEMENTS

	2017	2016
(a) Support Funds	£'000	£'000
DEL/DfE grants	482	441
Interest earned	-	-
	<hr/>	<hr/>
	482	441
Disbursed to students	(473)	(439)
Audit fees	-	(1)
	<hr/>	<hr/>
Balance unspent at 31 July 2017	9	1
	<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.

	2017	2016
(b) Care to Learn	£'000	£'000
Income	35	24
Expenditure	35	24

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.

26. LOSSES & SPECIAL PAYMENTS

The College wrote off £3,000 in December 2016 in relation to bad debts.

In accordance with Financial Memorandum the authorisation to write off individual debts greater than £1,000 should be sought from the Department. No debts written off were greater than £1,000.

The write off for debts less than £1,000 was approved by the Board of Governors.

The total number of cases written off was 12.

27. 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	2017 £'000	Restated 2016 £'000
INCOME			
DfE income (non grant-in-aid items)	1	1,381	510
Education contracts		2,723	3,502
Tuition fees and charges		2,983	2,471
Other grant income		885	431
Other operating income		1,163	906
Endowment and Investment income		81	92
Total incoming resources		9,216	7,912
EXPENDITURE			
Staff costs		21,535	20,613
Fundamental restructuring costs		597	1,779
Other operating expenses		11,851	12,089
Depreciation/Loss on disposal of fixed assets		2,862	2,602
Interest and other finance costs		1,259	1,262
Total resources expended		38,104	38,345
Net deficit for the year		(28,888)	(30,433)
Unrealised surplus on revaluation of land and buildings		1,891	3,263
Actuarial gain/(loss) in respect of pension scheme		4,558	(4,171)
Amount transferred to reserves		(22,439)	(31,341)
Analysis of reserves prepared under FReM			
		2017 £'000	2016 £'000
Balance at 1 August 2016	2	30,133	32,419
Grant-in-aid received in year		27,692	29,055
Net operating cost for year		(22,439)	(31,341)
Balance at 31 July 2017		35,386	30,133

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		Restated
Note 1	2017	2016
	£'000	£'000
DEL/DfE income (Non-Grant in Aid items)		
EMA	29	30
Curriculum Development Specialist Team	(6)	57
GB Remuneration	-	16
Future Skills	5	-
Higher Level Apprenticeships(HLAs)	280	131
Youth Training Pilot	930	186
Skills Development Funding	-	12
Project Based Learning Mentoring	9	-
Worldskills	5	3
Essential Skills Change Funding	16	21
Lecturers into Industry	-	1
DEL ILM Level 5	-	19
Sector Development Group	25	34
BEMIS	31	-
FE Systems, Technology & Services Project	57	-
Balance at 31 July 2017	1,381	510
Note 2	2017	2016
	£'000	£'000
Reconciliation of Amount Transferred to Reserves and Grant In Aid		
Amount transferred to reserves	27,692	29,055
Grant-in-aid received in year	27,692	29,055

