

NORTHERN
Regional College

**Annual Report
and Accounts
2018/19**

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Northern Regional College Annual Report and Accounts

For the year ended 31 July 2019

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

13 November 2019

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under the Institutions of Further Education
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17 December 2019

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Foreword by Vice Chair of Governing Body

Over the last year the College continued to deliver and achieve our mission of 'providing students with a life-changing, supportive and innovative experience, which will equip them with the skills to compete successfully in the global employment market and meet the needs of local industry and employers.'

As Vice Chair of the Governing Body, along with my fellow members, celebrating student success whether at graduation or attending events to acknowledge achievements is always a highlight of the role. Throughout 2018/19 we were delighted to see students rewarded for their efforts from all campuses in all areas of our curriculum provision.

Four students represented Northern Ireland at the Worldskills UK Live in Birmingham, with Samuel Gilmore returning home with a gold medal in carpentry, Haydn Roebuck and Joshua Pyper were placed in Mechatronics, and Thomas Hamill a finalist in the Graphic Design competition.

The talent of Sports & Exercise Science student Eamon McLaughlin was rewarded by confirmation of a four-year soccer scholarship at California State University. While Tyson McKeown, Adam Pidgeon and Matthew Sterritt all gained places on the prestigious British Council's Study USA programme. Sporting success continues at the College, and for the second time our U19 football team won the international elite youth soccer tournament hosted in Lloret De Mar, Spain.

Five of our students were nominated for Apprentice of the Year at the Northern Ireland Electrical Awards 2019. Calum McAuley emerged the winner, with Jordan Haggan highly commended and Paul Higgins, Conor Hyland, and Adrian Walls shortlisted.

These are just some of the noteworthy student achievements of the last 12 months and there's no doubt that the continued commitment and dedication of staff has significantly contributed to this success. My thanks and congratulations go to the staff and students involved.

Our flagship capital project which will deliver two new campuses gathered momentum last year, with positive community responses to a number of public consultation events. The granting of planning permission for both new builds in Coleraine and Ballymena during the summer of 2019 marked an important milestone in our estate strategy.

We also continue to invest in our existing estate to ensure it remains fit for purpose. Recent upgrades to our digital infrastructure have included enhanced WiFi provision, a new virtual learning platform and the roll-out of Microsoft Office 365 and LinkedIn to students and staff. This all augurs well for the future and will ensure that our learning environment matches our ambitions for our students.

Every new academic year brings with it new opportunities and challenges, but the forthcoming 12 months will also present uncertainty and change for the College and our stakeholders. I have confidence that the Principal and Senior Leadership Team (SLT), supported by the wider staff body and my fellow governors, will see us report on another successful year in 2020.

I welcome Bob McCann as the incoming Chair of the Governing Body and wish him every success.



Hugh Crossey
Vice Chair of the Governing Body

Overview from Principal & Chief Executive

Reflecting on 2018/19 reveals another year during which the College made further progress on our transformational journey, achieving success and reaching notable milestones along the way.

Over the year we have recorded improvements in student achievements; delivered sustained financial health; delivered on the key milestones for our new campuses; and continued our participation in other sector-wide collaborative projects.

On an annual basis all six Further Education (FE) colleges now report progress using a common format, focused on Outcomes Based Accountability (OBA) for all our activities. During 2018/19 this work was supplemented by development of a new three-year strategic plan which takes us up to 2022, focused on three strategic priorities:

- ▶ Improved learner outcomes;
- ▶ Improved infrastructure and learning environment; and
- ▶ Improved capacity and productivity.

Student enrolments are the lifeblood of our institution and in 2018/19 we exceeded our overall target by +5%. Pleasing though this is, ensuring those enrolled stay the course and achieve their qualifications is vital, with significant efforts made last year to introduce new initiatives designed to improve performance in these areas during 2019/20.

Being awarded the Matrix Quality Standard Award for Student Services in 2018 is just one of the accolades which underlines the College's commitment to providing all students with high quality, impartial advice and guidance. We were assessed on four key elements including leadership and management, resources, service delivery and continual quality improvement.

We were delighted to be appointed to lead the FE sector's Entrepreneurship Hub; this provides us with exciting opportunities to enrich the curriculum and share best practice, as well as expanding the offering we can make to businesses in relation to their training and skills development needs.

Our engagement with employers and strategic partners continues to go from strength to strength. We now have over 30 recognised strategic partnerships with businesses. This is supplemented by over 1,000 placements with employers during the last year.

The success of our industrial partnerships was validated in 2018 when the Newtownabbey-based Engineering team, which has delivered specialist training for Ryobi for the last 10 years, won a Northern Ireland (NI) Chamber of Commerce and Industry Chamber Business Award in the 'Education and Business Partnership' category.

Development of bespoke training is a key element of our curriculum provision. Just one of the courses run last year was a Computer Numerical Control (CNC) Academy for 'ADS Northern Ireland', supported by the Department for the Economy (DfE)'s Assured Skills programme. Students received five weeks training in College, followed by a four-week placement with ADS NI member companies, all designed to support local companies by equipping individuals with the skills required to take up work opportunities.

Social inclusion is high on our agenda and this year we again delivered courses off-campus to over 1,500 students. These courses include Essential Skills, the Horizons programme and a range of accredited and non-accredited provision.

Earlier this year the Empower Project launched an ambitious new programme to support families in Mid Ulster and Antrim & Newtownabbey Council areas with children who are on the autism spectrum, are dyslexic or dyspraxic. Since its launch in August 2015 the initiative, which is funded by the National Lottery Community Fund NI, has hosted over 600 activities for almost 7,000 participants.

As a College which works with partner organisations and individuals on a local, national and international basis it is important that we acknowledge the contributions that others make to enabling our success. One way in which we do this is through our Honorary Fellowships. Last year we were delighted to bestow awards on four individuals who have demonstrated

outstanding contributions to their field, the College or the community: Mark Hutchinson (Hutchinson Engineering); David Hunter (AEL); Claire Galloway (Northern Health & Social Care Trust); and Alison Wallace (Irwin Donaghey Stockman Chartered Accountants).

The College played host to visiting students and lecturers from partner institutions in Europe and South Africa throughout the year through Erasmus and British Council funding respectively. Reciprocal visits took place with colleges and businesses in the Netherlands, Finland, Spain, Portugal, Malta and Romania, as well as trips to our four partner institutions in South Africa.

In any look back at the previous year it is important to acknowledge that our staff have a huge role to play in our success; achieving external validation is especially welcome. Lisa Burns, Student Finance Manager, won the prestigious 'Student Money Adviser of the Year' award at the National Association of Student Money Advisers (NASMA) Conference in Manchester, while carpentry lecturer Ian Forsythe received the Hugh Gettinby Memorial Award for Excellence in Construction Training at the SkillbuildNI 2019 finals.

IT lecturer Andrew Paul was the first member of College staff to achieve the internationally recognised Microsoft Office Specialist (MOS) Master accreditation.

All in all 2018/19 was a year during which we continued to make positive progress and build sustainable partnerships. This progress and our achievements during the year could not have been achieved without the contribution and dedication of our governors and staff. My special thanks go to Mr Hugh Crossey for his leadership and commitment and to the Governing Body members for their contribution and support.



Student enrolments are the lifeblood of our institution and in 2018/19 we exceeded our overall target by +5%. Pleasing though this is, ensuring those enrolled stay the course and achieve their qualifications is vital, with significant efforts made last year to introduce new initiatives designed to improve performance in these areas during 2019/20.



Professor Terri Scott
Principal & CEO

Nature, Objectives and Strategies

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

Legal status

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

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

Mission Statement

The College's revised Vision and Mission Statements are as follows.

Vision

"To be an outstanding provider of training and further and higher education, focused on the needs of society and the modern economy."

Mission

"We provide students with a life-changing, supportive and innovative experience, equipping them with the skills to compete successfully in the global work place and meet the needs of local employers."

Our strategic priorities are informed by government strategies and built around our values of:





Corporate and Business Planning

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

The College developed a new College Development Plan (CDP) following a sector-wide exercise involving all six NI FE colleges working with DfE to ensure common reporting across the sector. This is called Score Card reporting.

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

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

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

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




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

Performance indicators and review of performance in 2018/19

The College's performance in relation to the Score Card was monitored by the Governing Body and the DfE throughout 2018/19 with appropriate actions agreed and implemented.






The summary table below outlines the progress.

How much did we do?

Report Card	Description	Status	Comment
1 Students & Qualifications	Meeting Enrolment Targets & Achievement of Qualifications		<p>Partial achievement An additional 850 enrolments above the target (5%) were achieved. Full-time enrolments at Level 2 and 3 were below target, however this was counterbalanced by additional enrolments onto Level 3 apprenticeship programmes.</p> <p>An additional 256 enrolments were achieved in Level 3 Apprenticeships (31%).</p> <p>Retention, achievement and success were below target. This was addressed in year with new initiatives in place to increase performance in these areas in 2019/20.</p>
2 Employers	Engaging with Employers and Strategic Partners		<p>Achieved The targets for DfE supported programmes were revised in year and the new targets were achieved. The student placements with employers for WBL and for FE/HE short term placements were 16% and 119% above target respectively. The College achieved its target to work with four councils on community planning and strategic projects.</p>
3 Social Inclusion	Improving Social Inclusion		<p>Achieved An additional 128 enrolments were achieved through the Entitlement Framework, 18% above the target. Essential Skills enrolments were above target by 16%.</p>

How well did we do it?

Report Card 1 – Students and Qualifications (excluding Essential Skills)

Measure	Target 18-19	Actual 18-19	RAG
Level 0/1	4,555	6,471	
Level 2	6,018	5,014	
Level 3	4,600	4,769	
Level 4-8	1,366	1,135	
Total	16,539	17,389	

The enrolment target of 16,539 in respect of funded enrolments was exceeded by 5%. This represented another strong recruitment intake and reaffirmed the need for FE provision on all campuses, meeting both the needs of the local population and employers.

At level 0/1 we aimed to enrol 4,555 students (excluding essential skills), the actual number of enrolments at level 0/1 was 6,471. This represented an over achievement of 42%. The 2019/20 recruitment campaign will monitor enrolments at this level to ensure over recruitment is minimised and a balanced delivery is maintained. This strong performance demonstrates responsiveness to local needs and identifies a clear demand for entry level qualifications across the four Council areas we serve.

Level 2 recruitment did not meet the target of 6,018 enrolments, with an actual recruitment figure of 5,014. This reflects the increased pressure on the College to maintain Level 2 provision against increasing competition from post primary schools in our local catchment areas.

Level 3 enrolment targets were exceeded by 3%, with an additional 169 enrolments achieved. This strong recruitment confirms the College's commitment to Level 3 provision and the strategic policy in FE Means Success.

Targets for Level 4 and above were not achieved by 155 enrolments. Our HE full-time recruitment follows a similar trend to that across the FE sector and the reduction in 2019/20 of the MaSN (Full-time HE student numbers target).

Recruitment, achievement and success did not meet targets; however, a renewed focus is in place for 2019/20 with the embedding of performance measures at all levels in the College established.

Report Card 2 – Employers

The College exceeded its target to create Strategic Partnerships with 25 organisations, this represents an additional 32% and demonstrates the College’s commitment to working with new businesses and employers.

The targets for DfE supported programmes were revised in year and the College met these new targets. The College has restructured the Business Engagement function within the organisation to facilitate more responsive and flexible approaches to businesses and employers within our extensive catchment area.

The securing of opportunity for students to gain WBL or HE/FE short term placements has demonstrated another area of growth for the College. An additional 154 WBL placements were provided throughout the year, with 895 extra placements for students on FE/HE programmes.

The upskilling and reskilling of adults continues to be a major focus for the College, with the target of 2,000 exceeded by 478 (+24%).

Report Card 3 – Social Inclusion

The College continues to be committed to providing education opportunities for all members of the local population. The success of Essential Skills enrolments for 16-19 year olds with the target of 2,436 being exceeded by 389 (+16%) demonstrates the opportunities for young people who would otherwise find themselves unable to achieve in education or employment.

The underachievement of the community essential skills target is in essence a success; as the number of adults with essential skills qualifications grow the need for this delivery will decrease as described in the 2018/19 CDP. On the basis of this the College has reduced the target for 2019/20.

The Empower Project and associated programmes are further evidence of the College operating at the heart of the community. The target of 2,700 enrolments has been exceeded by 7%.

Who is better off?

The College’s annual student satisfaction survey in 2018/19 demonstrated an 86% level of student satisfaction with courses, and we aim to improve this even further in 2019/20. The same trend was highlighted in our employer feedback survey, where 82% of employers found attending open days useful and 91% would return to participate again.

In the 2016/17 FE Leavers Survey (conducted by DfE) 87.4% of the College’s students either went into employment or stayed in education; this represents a +3% increase from the 2015/16 survey.

Financial Objectives

The College’s key financial objectives for 2018/19 are shown below:

2018-19	College Target	Actual Performance
% Spend against budget	100%	100%
% Capital against budget	100%	100%
Absenteeism	3%	3.2%*
Prompt Payment within 30 calendar days	95%	97%

* Slight increase in the overall absence percentage due to an increase in long term sickness absence. All long term sickness absences are being managed with the help and advice of Occupational Health.

Success Story



Empower Project Continues to go from Strength to Strength

Now in the penultimate year of a five-year programme, the initiative which is funded by the National Lottery Community Fund NI, provides valuable support to families. Already this year, it has organised 136 different activities, catering for 1450 participants and since its launch in August 2015, the Empower Project has hosted a total of 613 activities for almost 7000 participants.



Financial Position

Financial Results

Northern Regional College financial statements have been prepared in line with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS102) The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The College recorded a deficit before exceptional items in 2018/19 of £4,038k (2017/18 deficit of £3,010k). Due to actuarial adjustments in the NILGOSC Pension Scheme following public sector wide changes in the pension scheme the College has accounted for increased costs of £741k in 2018/19 (see Note 22), this has been accounted for within staff costs.

Indices provided by Land and Property Service, were applied to the College's Land and Buildings to provide valuations at 31 July 2019. This resulted in an increase in the College's net book value of £0.6m. The total net book value of Land and Buildings, excluding work in progress at 31 July 2019, is £67.2m. In addition, work in progress, relating to the new build totalled £2.1m.

The College has significant reliance on DfE for its principal funding source, largely from recurrent grants. In 2018/19, DfE provided 73% of the College's total income through allocated recurrent grant. This represented 13.6% (14% in 2018) of the total recurrent grant available to the sector.

Reserves

The College has accumulated income and expenditure reserves, excluding pension reserves, of £1,674k (£2,102k in 2018) and cash balances of £4,968k (£3,961k in 2018). The College's cash reserves at 31 July 2019 are 15.1% of the income for the year. The amount held above the limit set in the Financial Memorandum is to support investment in the estates projects and to provide flexibility to manage the peaks and troughs of working capital.

Treasury Policies and Objectives

Treasury Management

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

Cash Flows

The College's operating cash inflow was £1,007k, (2017/18 £2,647k outflow). The increased cashflow was due to additional Departmental cash provision during 2018/19.

Liquidity

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



The Treasury Management policy is to ensure the College has proper financial control, safeguards its assets and secures value for money.



Current and Future Development and Performance

Student numbers

A summary of performance in respect of DfE student enrolments targets for 2018/19 is shown below for Essential Skills, Higher Education and Further Education. Also shown is the College performance in relation to Work Based Learning.

2018/19		College Targets	Actual Performance
Essential Skills	16-19 year old	2,436	2,825
	20+ year old	1,050	927
	Total	3,486	3,752
Higher Education	Full-time	358	294
	Part-time	932	791
	Total	1,290	1,085
Further Education	Full-time	2,847	2,667
	Part-time	9,613	10,876
	Total	12,460	13,543

2018/19 Work based Learning WBL	Targets	Actual Performance
Training for Success (TfS)	1,332	1,141
Apprenticeships NI	1,381	1,570
Higher Level Apprenticeships	76	50
Total	2,789	2,761

The target enrolment figure for full-time FE was not met by 180 enrolments; however the part-time FE enrolment targets were exceeded by 1,263. These figures are end of year totals, inclusive of the College's retention rate, therefore the number of enrolments at the start of 2018/19 would have been achieved.

The delivery of HE provision in the FE setting continues to be challenging across the FE sector. The College continues to be committed to providing both full-time and part-time HE courses, with a view to developing new partnerships with alternative learning providers. The College has planned new HLA programmes in Accountancy and Computing with Mid Ulster employers, again recruitment to date on these courses is strong and has surpassed expectations.

Essential Skills numbers were above target for 16-19 year olds. A pilot for a new awarding body has proven successful with an increase in student achievements. A full roll-out of this is planned for 2019/20.

Work Based Learning numbers were broadly in line with the expectations. The additional recruitment on to Apprenticeship NI programmes demonstrates the successful progression of students from Training for Success programmes. The growth of Work Based Learning programmes is currently restricted by the ongoing challenge of recruiting appropriately trained professional and technical staff. The College is taking forward initiatives to develop a pool of craft-skilled lecturers to meet future growth areas within Work Based Learning.

Student Achievements 2018/19

The College's overall retention was 87% (2017/18 87%), which has remained stable compared to the previous year. As part of the College transformation process, additional resources and interventions will be requested from the Department and directed towards improving retention for the 2019/20 year. This has commenced with additional recruitment of student support officers to act as front-line support, develop interventions and arrangements to improve student success.

Student External Achievements 2018/19

Award	Student(s)	Date
Worldskills UK Live finals	Carpentry Gold: Samuel Gilmore (Coleraine campus) Mechatronics 4th: Haydn Roebuck and Joshua Pyper (Farm Lodge campus) Graphic Design Finalist: Thomas Hamill (Newtownabbey campus)	Oct 2018
JP McManus Scholarship	Darren Downing (Newtownabbey campus)	Nov 2018
Microsoft Office Specialist (MOS) Award	Victoria Johnson (Newtownabbey campus)	March 2019
California State University soccer scholarship	Eamon McLaughlin L3 BTEC Sports & Exercise Science (Coleraine campus)	March 2019
University of Central Lancashire: Art Scholarships	Sacha McCart (Trostan Avenue campus) Krystal Hutchinson (Trostan Avenue campus)	March 2019
Antrim & Newtownabbey PCSP Awards	Winner: James Stirling (Newtownabbey campus)	March 2019
Mid & East Antrim Sports Awards	Junior Sportsperson of the Year: Christopher Donald (Newtownabbey campus)	March 2019

Award	Student(s)	Date
Inter College Media competition	Winner: James Wilkinson (Ballymoney campus) Runner-up: Jack Bradshaw (Newtownabbey campus)	April 2019
Skillbuild NI competition	Plumbing Gold: Abigail Reilly (Trostan Avenue campus) Brickwork 2nd: Ashton Logan (Farm Lodge campus) 3rd: Brandon Grant (Farm Lodge campus) Carpentry 2nd: Patrick McCloskey (Coleraine campus)	April 2019
Career Ready Graduations	Work Placement Student of the Year: Rafal Fila, Caolain Anderson, Duncan Clarke, Robin Satran Student Ambassador of the Year: Jude Moore, Jonathan Cahoon, Jodie McClenaghan, Adam Montgomery	April 2019
L'Oreal Colour competition	Winner: Cathal McCormack (Magherafelt campus)	April 2019
Copa Costa Brava	Winners: U19 football team	May 2019
NI AccessAble Champion	Conor O'Kane (Computerised Bookkeeping)	May 2019
CDE Talent Camp	Tahnee O'Hara L3 Engineering (Magherafelt campus)	May 2019
NI Electrical Awards: Apprentice of the Year	Winner: Calum McAuley (Alexander Bonar & Co) Highly commended: Jordan Haggan (Braid Electrical Services) Shortlisted: Paul Higgins and Conor Hyland (Dowds Group) Adrian Walls (Premier Electrics)	June 2019
Skillweld 2019 Regional Final	1st Tadas Dobrovlskis (Newtownabbey campus)	June 2019
Dayle Smith Endeavour Award	Caleb Haines (HLA Advanced Manufacturing Engineering)	June 2019
Concorde Cup	Rafal Fila (L3 Engineering)	June 2019
British Council Study USA programme	Tyson McKeown (Engineering), Adam Pidgeon (FD Mechanical & Manufacturing Engineering), Matthew Sterrit (Business Studies with Digital Technology)	Aug 2019
Lloyd's Scholars Programme	Jonathan Gorman (Newtownabbey campus)	Aug 2019
Martin & Hamilton Award	Joshua Wylie (Farm Lodge campus)	Aug 2019

Success Story



Maintaining standards

Congratulations to the Student Support team which was awarded the Matrix Quality Standard Award for Student Services, underlining the College's commitment to providing all students with high quality, impartial advice and guidance.

The Matrix Standard is a unique quality framework for organisations to assess and measure their advice and support services focused on four key elements including leadership and management, resources, service delivery and continual quality improvement.

The College first achieved the Matrix Standard with a focus on Careers Advice and Guidance in 2015.



Curriculum Developments in 2018/19

The College's curriculum provision in 2018/19 took cognisance of a variety of external factors over and above student demand, including the local needs of the four council areas that the College covers, alongside our goal of increasing STEM provision and further expanding delivery in Work Based Learning.

Additional courses were offered in Special Needs Education (SEN) following a rise in demand for places on a variety of the courses offered in our catchment area. Therefore new entry level provision was provided through Transition2College being offered at Ballymoney, Magherafelt and Newtownabbey campuses. These courses are designed to provide qualifications and experiences for individuals to develop independent life skills and provide opportunities to progress onto level 1 programmes at the College.

Also offered for the first time in 2018/19 was a sector-wide Level 1 NEETS programme 'College Connect' running at Ballymena and Newtownabbey campuses, designed to provide the necessary qualifications and experiences for individuals to return to employment. Access to University courses continued to prove popular, providing a route for students wanting to study Science or Social Sciences at degree level. They are offered on both a full-time and part-time basis, and run on the Coleraine, Magherafelt, Newtownabbey and Ballymena campuses.

Widening Participation and Social Inclusion

The College has a Widening Access and Participation (WAP) plan and action plan in place for all HE provision, with the aim of promoting HE access opportunities to students and adults from disadvantaged areas. In addition, the Empower project maintains and supports strong links and training for parents and guardians of autistic children. The Prince's Trust programme also offers opportunities for students and young adults to re-engage in the education and employment.

The College continues to provide English for Speakers of Other Languages (ESOL) and Pre-ESOL programmes. In 2018/19 we actively participated in the Syrian Vulnerable Persons Resettlement Scheme (VPRS) within our catchment area. It is planned that ESOL provision will be maintained at its current level and it is anticipated that these students will progress through the relative levels and enrol on FE programmes.

Through School Partnerships, the social inclusion agenda is focused in the local community alongside engagement with 62 post primary schools across the four local councils. The College works in the community to provide pathways into training or employment. The provision for 2019/20 will be maintained at the existing level.

Wright Group

The College has provided apprenticeship training to Wright Group Electrical Apprentices for a number of years, and since 2017 has met all of the training needs of the Wright Academy.

Currently 26 students are in attendance at the College, seven HLA students, four Level 3 apprentices and 13 Level 2 apprentices in Engineering, with plans to increase these numbers during winter 2019.

Caterpillar Simulated Working Environment (SWE)

In partnership with Caterpillar, the College was given the opportunity to host the company's Simulated Work Environment on our Newtownabbey campus last year.

Based on production methodologies developed by Caterpillar Production Systems, the SWE is valued at €300,000, including intellectual property rights. It is the only one of its kind on the island of Ireland, and one of two in the UK.

Its location in Newtownabbey brings with it an unprecedented opportunity to attract a wide range of new business into the College in areas including administration, manufacturing, engineering and the service sector. The facility has been operational since the start of the 2019/20 academic year.

European Digital Initiative

In March 2019 the College organised week-long digital initiative comprising a series of events and workshops across all six campuses as part of European ALL DIGITAL week.

The College's Digital Skills Week was part of this wider empowerment campaign which promotes the importance of digital skills for inclusion and employment, and which engages 100,000 people across Europe in online and offline events.

Students and staff heard from guest speakers representing Microsoft Ireland, Ulster Bank, the Police Service of Northern Ireland, Zymplify and Ulster University.

Over the last two years the College has seen use of our digital learning environment increase by almost 90%, and with the introduction of Canvas as our new VLE from 2019/20 we expect to see even more uptake for our online all teaching and learning activities.

Staff development

Staff development is intrinsic to improving student outcomes and the successful delivery of the curriculum across the College. All teaching staff are contractually obliged to complete staff development on an annual basis, with many also availing of additional opportunities to undertake Continual Professional Development internally and courses delivered by external providers.

In order to support the inspection process, the Education and Training Inspectorate (ETI) regularly recruits staff from the FE sector to work alongside the inspectorate. The College has currently five ETI Associate Assessors who play an important role in dissemination of best practice to our curriculum teams as part of our mission of promoting outstanding teaching and learning.

To support the growth in the College of Work Based Learning during 2018/19, 15 staff members registered and successfully completed the L3 Training, Assessment & Quality Assurance (TAQA) assessors award in order to meet the awarding body requirements for fully qualified assessors. The College has also supported 14 new members of staff on the Certificate In Teaching (CIT) which is a one year programme delivered by Ulster University, and a further 25 staff on the Ulster University PGCHE course which requires one further year of study in addition to the CIT.

Curriculum Developments for 2019/20

The College's strategic priorities include improving learner outcomes and improving capacity and productivity. In order to achieve this, the College delivers a curriculum that is sustainable and relevant to stakeholder needs. A key objective for 2019/20 is to align resources and ensure that the workforce in our catchment area contributes to the achievement of the draft PfG and the draft Industrial Strategy. The College contributes to five of the 12 Programme for Government outcomes, and to three of the pillars within the draft industrial strategy. These priorities are underpinned by a curriculum plan that is reviewed on an annual basis, contributing to the College vision to be an outstanding provider of training and further and higher education.

The local context shows that a diverse curriculum is needed to meet the wide-ranging requirements of our extensive catchment area. In terms of viable provision and class sizes, the College is constantly seeking new and flexible ways to deliver our provision. The establishment and success of our investment in Digital Learning has raised capabilities and introduced opportunities for staff and students alike.

A number of new courses are being introduced in 2019/20 across our four curriculum departments and spanning all campuses. In 2019/20 new Level 5 courses in Health and Social Leadership and Management are planned and have recruited strongly. An extensive provision for 2019/20 is offered at each campus and can be viewed on the college website: www.nrc.ac.uk

In response to engagement and feedback from employers, we have introduced a new Higher Level Apprenticeship (HLA) in Computing, Level 4 HNC Construction and Level 2 Skills for Work Motor Vehicle, plus extended provision in Electrical Installation. We have also added L2 Substance Abuse, L3 Industrial Art & Design, L4 CPCAB, and extended Plumbing and Transition2College provision in response to feedback from local stakeholders in Ballymena.

A new HND Performing Arts (PT) begins at Newtownabbey, as does a part-time Foundation Degree (FD) Early Childhood Studies, with Transition2College extended to this campus.

In Ballymoney we have introduced a HNC in Early Years Care and Education (PT) and in Coleraine we have introduced a L2 Motor Vehicle and obtained approval to deliver a FD in Applied & Medical Science.

On the Magherafelt campus, new provision will be offered in L2 Health & Social Care.

Embedding entrepreneurship

During 2018/19 the College was awarded the role of lead Entrepreneurship Hub for the FE Sector in Northern Ireland.

In meeting the criteria for hub status, we have committed to act as the central lead in Entrepreneurship (incorporating occupational areas of enterprise, entrepreneurship and business/leadership) *and link with the other five regional colleges to draw in the teaching and curriculum excellence, sectoral knowledge and employer engagement to provide a consistent and high quality provision for learners and employers throughout Northern Ireland.*

With a dedicated team now in place within the College to take its implementation forward, a number of priorities have been identified, some of which are already in place and some which will come to fruition during 2019/20:

- ▶ Establish the FE Entrepreneurship Hub Forum
- ▶ Map curriculum delivery in Entrepreneurship across the sector
- ▶ Lead the review of professional competencies required to develop Entrepreneurship courses and services
- ▶ Identify digital learning resources to support CPD for staff
- ▶ Establish an Entrepreneurship Hub Industry Links group (stakeholders and employers)
- ▶ Promote Entrepreneurship through the Let's do Business brand
- ▶ Deliver an Entrepreneurship showcase conference.

International partnerships

The College recently secured EU funding to further a partnership led by Salamanca University, Spain which will enable us to share expertise and success in attracting female students to STEM courses with education partners in Latin America.

The College will also continue to build on the British Council supported partnerships which are up and running with four South African colleges.



We have committed to act as the central lead in Entrepreneurship (incorporating occupational areas of enterprise, entrepreneurship and business/leadership) and link with the other five regional colleges to draw in the teaching and curriculum excellence.





Payment Performance

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

During the accounting period 1 August 2018 – 31 July 2019, the College paid 97% (2017/18: 97%) of its invoices within 30 days. £0 (2017/18 £0) was paid to suppliers in interest charges.

The Northern Ireland Executive is committed to paying suppliers as quickly as possible, within 10 working days. During the accounting period 1 August 2018 to 31 July 2019, the College paid 83% (2017/18: 72%) of its invoices within 10 working days.

Post Balance Sheet Events

There are no post balance sheet events.

Going Concern

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

The Department have issued a budget for 2019/20 to the College and we are in consultation with the Department to receive adequate resources to deliver the programme of work planned for 2019/20.

Future Developments

During 2018/19 the College, in common with the rest of the FE sector, measured performance against the targets set in the annual College Development Plan, with a subsequent plan for 2019/20 also produced during that same time.

In addition to this the College consulted widely with key internal and external stakeholders to devise a new three-year strategic plan which takes us up to 2022, focused on three strategic priorities:

- ▶ Improved learner outcomes;
- ▶ Improved infrastructure and learning environment; and
- ▶ Improved capacity and productivity.

This plan was approved by the Governing Body in June 2019 and its associated actions will be taken forward from the outset of the 2019/20 academic year.

European Union Exit

The impact of EU Exit is as yet unknown, however it has created uncertainty that is impacting on investment and business decisions by employers within our catchment area who recruit, train and upskill our learners. The College has completed risk based exercises to determine the potential impact on operational delivery. At this time, all risk to the College has been assessed as low, given the College only has a small staff and student population who reside in the Republic of Ireland. The potential impact on EU funded projects is still unknown and the changing landscape may change the projects the College engages in. The impact on the local businesses with whom we engage on a daily basis is unknown and feedback to date confirms there will impacts on employer and business engagement activities.



Coleraine



Ballymena

Campus 21 - New Build Developments

The College’s aspiration to move to a four-campus model in the next decade is well documented and significant progress was made during 2018/19 towards making this a reality.

Extensive consultation in relation to our plans for new campuses in Coleraine and Ballymena took place in late 2018 as part of the planning pre-application stage, with public consultation events held at both locations, supplemented by meeting with key internal and external stakeholder groups. Feedback was then incorporated into the final planning applications which were submitted in January 2019.

Planning permission for the new campus building in Coleraine (due to open in September 2022) was granted by Causeway Coast & Glens Borough Council in summer 2019. This project which will see our current Coleraine and Ballymoney provision come together under one roof, and will provide modern, technically advanced and flexible accommodation in order to deliver the future curriculum requirements. To facilitate the construction of the new campus on the existing Coleraine site, the College has now signed a lease agreement to temporarily relocate current Coleraine provision to a vacant post primary school at Beresford Avenue for two academic years.

Planning permission has also been approved by Mid & East Antrim Borough Council for our proposed redevelopment in Ballymena (which will amalgamate current provision based in Farm Lodge, Trostan Avenue and the Lamont building), scheduled for a mid-2024 opening.

Success Story



Talented Tahnee

Magherafelt engineering student Tahnee O'Hara competed against entrants from 14 other schools and colleges to secure a coveted place on the inaugural CDE Talent Camp in summer 2019.

Originally from Australia and now living in Ardboe, Tahnee is a Level 3 Diploma in Engineering student. She joined 19 other participants at the camps held CDE's state of the art headquarters in Cookstown.



Resources

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

Estate

The College's estate includes campuses at:

Campus	Net Book Value - £'000
Ballymena – Farm Lodge	12,273
Ballymena – Trostan Avenue	5,075
Ballymena – Lamont	2,071
Ballymoney	3,478
Coleraine	4,060
Larne	3,256
Magherafelt	4,747
Newtownabbey	32,213
Portrush (currently not utilised)	0
New Build – Asset in the Course of Construction	2,143
Total	69,316

Financial

Net assets at 31 July 2019 were £50.7m (2017/18: £54.4m) (including £8.3m net pension liability, 2017/18: £4.1m liability).

People

The College employs 586 people (2017/18: 557) (expressed as full-time equivalents), of whom 324 are teaching staff.

	% Sickness Absence		Average days Lost	
	2018/19	2017/18	2018/19	2017/18
College	3.22	2.83	8.07	7.00
Support Staff	4.32	2.93	10.80	7.30
Lecturing Staff	2.71	2.77	6.78	6.90

Reputation

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



Principal Risks and Uncertainties

Northern Regional College is committed to the principles endorsed by the Northern Ireland Audit Office in its guidance "Good Practice in Risk Management".

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

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

College Risk Register

The Risk Register for the College is reviewed and updated quarterly. The principal risks facing the College have been identified in the Risk Register (at 31 July 2019) as:

Risks	Description
1	The College does not meet enrolment targets and achievement of qualifications
2	The College does not improve the quality of education
3	The College does not accelerate business and community engagement
4	The College does not accelerate innovation and creativity
5	The College does not achieve financial health
6	The College does not meet data protection requirements
7	The College does not implement sector wide Systems, Technology and Services Project
8	The College fails to deliver an efficient Estates environment in a compliant manner due to Central Procurement Directorate – Properties Division delays and processes
9	College fails to deliver full educational programme due to an inability to secure the requisite skill sets to deliver the full curriculum provision
10	College does not deliver improvements to infrastructure & learning environment





Stakeholder Relationships

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

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

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

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

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

Equal opportunities and employment of disabled persons

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

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

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

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

The College's Equality Statement states that:



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



In 2018/19 the College continued to better promote equality of opportunity and good relations through a wide variety of initiatives and programmes including participating in a Peace IV Community Integration programme, a social media campaign for International Women's Day, production of an Anti-Bullying video by College students, various pastoral care workshops for students, consultations on campus redevelopments and various staff development sessions e.g. transgender awareness, Autism and Dyslexia and Digital Accessibility.

As part of the public consultation exercise carried out in 2018 in relation to our new build proposals in Coleraine and Ballymena, a wide range of organisations were invited to attend the public meetings, including those who represent S75 groups, with a number of them actively participating in the process.

Disability statement

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

Under section 49B of the Act, the College is committed to the development of a disability action plan which relates to all disabled people including disabled employees, customers, clients and service users, as well as disabled students. This action plan also encompasses College efforts in relation to the Special Education Needs and Disability Order 2005 to ensure the full mainstreaming of all duties.

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

In January 2019, a NI Further Education Colleges Disability Action Plan was developed for 2019 – 2024 and adopted by the College. This Plan confirms our commitment to and proposals for fulfilling the statutory obligations in compliance with Sections 49A and 49B of the Disability Discrimination Act 1995 (as amended by the Disability Discrimination (NI) Order 2006).

In 2018/19 the College has continued to support those with mental ill health by implementing commitments in the Equality Commission's Mental Health Charter. The College has also signed up to the Every Customer Counts Initiative which was designed by the Equality Commission to encourage organisations and businesses across Northern Ireland to consider if they can improve the service they offer to clients and customers with a disability. Using the self-assessment checklist tool, we have audited all our campuses and have considered how open our services currently are to disabled people. As a result, we developed an Accessible Business Action Plan, various action were taken forward this year including upgrading of accessible toilets, repainting of accessible parking bays and purchasing portable hearing loop systems.

The College in conjunction with AccessAble (organisation who help those with disabilities to plan ahead) is developing initiatives to potential staff and students.



Disclosure of information to auditors

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

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

Personal data related incidents

The College reported two data incidents to the Information Commissioner's Office (ICO) in 2018/19. On both occasions the ICO did not deem it was necessary to take any regulatory action.

Charitable and taxation status

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

Charitable/Political Donations

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

Professional Advisers

External Auditors:

Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

Solicitors:

Worthingtons
24-38 Gordon Street
Belfast
BT1 2LG

Internal Auditors:

Grant Thornton
Donegall Square West
Belfast
BT1 6JH

King & Gowdy
298 Upper Newtownards Rd
Belfast
BT4 3EU

Bankers:

Danske Bank
Donegall Square West
Belfast
BT1 6JS

Carson McDowell
Murray House
4 Murray Street
Belfast
BT1 6DN

Cleaver Fulton Rankin
50 Bedford Street
Belfast
BT2 7FW

Members

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

Name	Date of appointment	Term of office	Date of resignation	Status of Appointment	Committees served
Joy Allen	09/01/19	08/01/22	08/04/19	Chair	Gov Body
Isobel Allison	08/07/16	30/07/20		Member Member	Adult & Risk Gov Body
Samuel Kevin Chambers	01/08/15	31/07/23		Chair (till 14/1/19) Member	Resources Gov Body
Hugh Crossey	01/08/15	31/12/19		Chair Vice Chair	Resources Gov Body
Alana Duff	03/10/18	30/09/19		Student Member Student Member	Education Gov Body
Angela Dynes	15/01/18	14/01/22		Staff Member Staff Member	Education Gov Body
Judith Eve	04/02/17	31/01/21		Vice-Chair Member Member (Co-Opt)	Audit & Risk Education Gov Body
Mel Higgins	08/11/18	09/12/18		Acting Chief Executive & Accounting Officer	Education Resources Gov Body
William Hutchinson	01/08/15	31/07/23		Member Member	Audit & Risk Gov Body

Name	Date of appointment	Term of office	Date of resignation	Status of Appointment	Committees served
Richard Jay	25/01/10	24/01/20		Member Member	Education Gov Body
David Lennox	01/08/11	30/04/20		Chair Member	Education Gov Body
Yvonne Mallon	01/08/15	31/07/23		Member Member	Resources Gov Body
Karen McCambridge	21/07/16	20/07/20		Staff Member Member	Audit & Risk Gov Body
William McCluggage	01/08/15	31/07/20		Chair Member	Audit & Risk Gov Body
Gillian McConnell	08/07/16	30/07/20		Vice-Chair Member	Resources Gov Body
Ian Murphy	01/09/18	31/08/22		Member Member (Co-Opt)	Resources Gov Body
Terri Scott	01/09/14	-		Principal & CEO	Education Resources Gov Body

All members served from 1 August 2018 to 31 July 2019 unless otherwise indicated.

At July 2019 the NRC Governing Body had one vacant post on the governing body and was without an appointed Chairperson.

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

Signed:



Date:

13 November 2019

Mr Bob McCann
Chair of the Governing Body
Northern Regional College

Success Story



A winning partnership

The College was crowned a winner in Northern Ireland Chamber of Commerce and Industry's Chamber Business Awards for 2018 in the 'Education and Business Partnership' category for our innovative and distinctive approach to employer engagement and business partnerships.

Recognising the decade-long partnership the College has developed with Ryobi, during this time some 500 Ryobi apprentices and staff have benefited from the bespoke training provided by the College.



Members of the Governing Body

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

The remuneration of Governing Body members (excluding staff members) was first introduced by the Department from 1st January 2016. Staff members do not receive remuneration. There are no arrangements in place for the payment of a bonus.

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

Mr Hugh Crossey was appointed temporary chair from 19th June 2017, this role ended on the 31st December 2018.

The chair of the Governing Body Ms Joy Allen was appointed on 1st January 2019 and resigned from her post on 8th April 2019. Mr Hugh Crossey as vice chair has chaired Governing Body from 9th April 2019.

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

	2018/19				2017/18			
	Salary	Benefits in Kind	Pension benefits	Total	Salary	Benefits in Kind	Pension benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Joy Allen – Chair	5-10	-	-	5-10	-	-	-	-
Isobel Allison	0-5	-	-	0-5	0-5	-	-	0-5
Samuel Kevin Chambers	0-5	-	-	0-5	0-5	-	-	0-5
Hugh Crossey - Vice / Temp Chair	10-15	-	-	10-15	15-20	-	-	15-20
Alana Duff – Student	0-5	-	-	0-5	-	-	-	-
Judith Eve	0-5	-	-	0-5	0-5	-	-	0-5
William Hutchinson	0-5	-	-	0-5	0-5	-	-	0-5
Richard Jay	0-5	-	-	0-5	0-5	-	-	0-5
David Lennox	0-5	-	-	0-5	0-5	-	-	0-5
Kathryn Linden – Student	-	-	-	-	0-5	-	-	0-5
Yvonne Mallon	0-5	-	-	0-5	0-5	-	-	0-5
William McCluggage	0-5	-	-	0-5	0-5	-	-	0-5
Gillian McConnell	0-5	-	-	0-5	0-5	-	-	0-5
Ian Murphy	0-5	-	-	0-5	-	-	-	-
Ken Nelson	-	-	-	-	0-5	-	-	0-5

The Principal and Senior Leadership Team

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

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

Minimum pay levels

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

Progression

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

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

Performance pay

There is no performance pay or related scheme for any of the Senior Leadership Team.

Total reward package

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

Senior staff posts are based on 36 hours per week and post holders have access to the College's Maternity Leave Scheme, Paternity Leave Scheme, Adoption Leave Scheme and flexible working arrangements.

All Senior Staff have 35 days holiday entitlement and a further 12 statutory and public holidays as recognised by the sector.

Service contracts

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

Salary and Pension Entitlements

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



Remuneration (including salary) and Pension Entitlements (audited information)

Remuneration	2018/19				2017/18			
	Salary £'000	Benefits in Kind £'000	Pension benefits £'000*	Total £'000	Salary £'000	Benefits in Kind £'000	Pension benefits £'000*	Total £'000
Principal & CEO Terri Scott	110-115	0	20-25	130-135	110-115	0	15-20	130-135
Chief Information Officer and Vice Principal Business Development Dr Steve Brankin	75-80	0	15-20	90-95	75-80	0	10-15	90-95
Vice Principal Teaching & Learning Mr Vincent Taggart	70-75	0	10-15	85-90	70-75	0	10-15	80-85
Vice Principal Organisational Development Mr Des Hewitt End date 17/1/19	35-40	0	5-10	40-45	70-75	0	10-15	85-90
Vice Principal Organisational Development Ms Mary Donnelly Note 1	0-5 (90-95 full year equivalent)	0	0	0-5	-	-	-	-
Chief Operating Officer Mr Mel Higgins Temp Cover for Principal 24/9/18-9/12/18	80-85	0	15-20	95-100	75-80	0	10-15	90-95

Note 1 The Vice Principal Organisational Development was appointed on a fixed term appointment from 16 July 2019 under an operational partnership agreement with SIB and is not an employee of NRC.

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

Salary and Pension Entitlements - Continued

	2018/19	2017/18
	£'000	£'000
Band of highest paid directors total remuneration	110 – 115	110-115
Median total remuneration	27,355	24,986
Ratio	4.03	4.41

The ratio has reduced due to staff pay increments.

Salary

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

Benefits in Kind

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

Success Story



Top marks for Abigail

Ballymoney plumbing apprentice Abigail Reilly, a student at Trostan Avenue, won a gold medal at the annual Skillbuild NI 2019 competition.

Abigail was one of only two females to take part in the competition which sees apprentices from all over Northern Ireland pitting their skills against each other across different trades, including plumbing, carpentry, joinery, electrical installation and brickwork.

Abigail, who is employed by the Dowds Group, has worked on major projects such as the multi-million-pound redevelopment of Altnagelvin Hospital. She won bronze at last year's competition.



Pension Entitlements (Audited information)

Officials	Accrued pension at pension age as at 31/07/19 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/07/19	CETV at 31/07/18	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Principal & CEO Terri Scott	10-15	0-5	112	109	3
Chief Information Officer and Vice Principal Business Development - Dr Steve Brankin	5-10	0-5	78	50	28
Vice Principal Teaching & Learning - Mr Vincent Taggart	25-30	15-20	694	563	131
Vice Principal Organisational Development - Mr Des Hewitt	0-5	0-5	53	44	3
Vice Principal Organisational Development - Ms Mary Donnelly Note 1	-	-	-	-	-
Chief Operating Officer - Mr Mel Higgins	5-10	0-5	62	38	24

Note 1 The Vice Principal Organisational Development is not a member of the College's pension arrangements as she is employed by SIB.

Remuneration Report

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 the workplace pension set up by the government especially for auto enrolment. It is a defined contribution workplace pension scheme with contributions by the employer. NEST Corporation is the Trustee that runs the NEST scheme. It took over from the Personal Accounts Delivery Authority (PADA), the agency set up by the government to

deliver 'personal accounts' – a key element of the auto enrolment policy. 'Personal accounts' became NEST. As a non-departmental public body NEST Corporation is accountable to Parliament through the Department for Work and Pensions but is generally independent of government in its day-to-day decisions.

Cash Equivalent Transfer Values

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

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

Real increase in CETV

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

Statement of the Responsibilities of the Governing Body For the Year Ended 31 July 2019

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

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

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

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

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

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

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

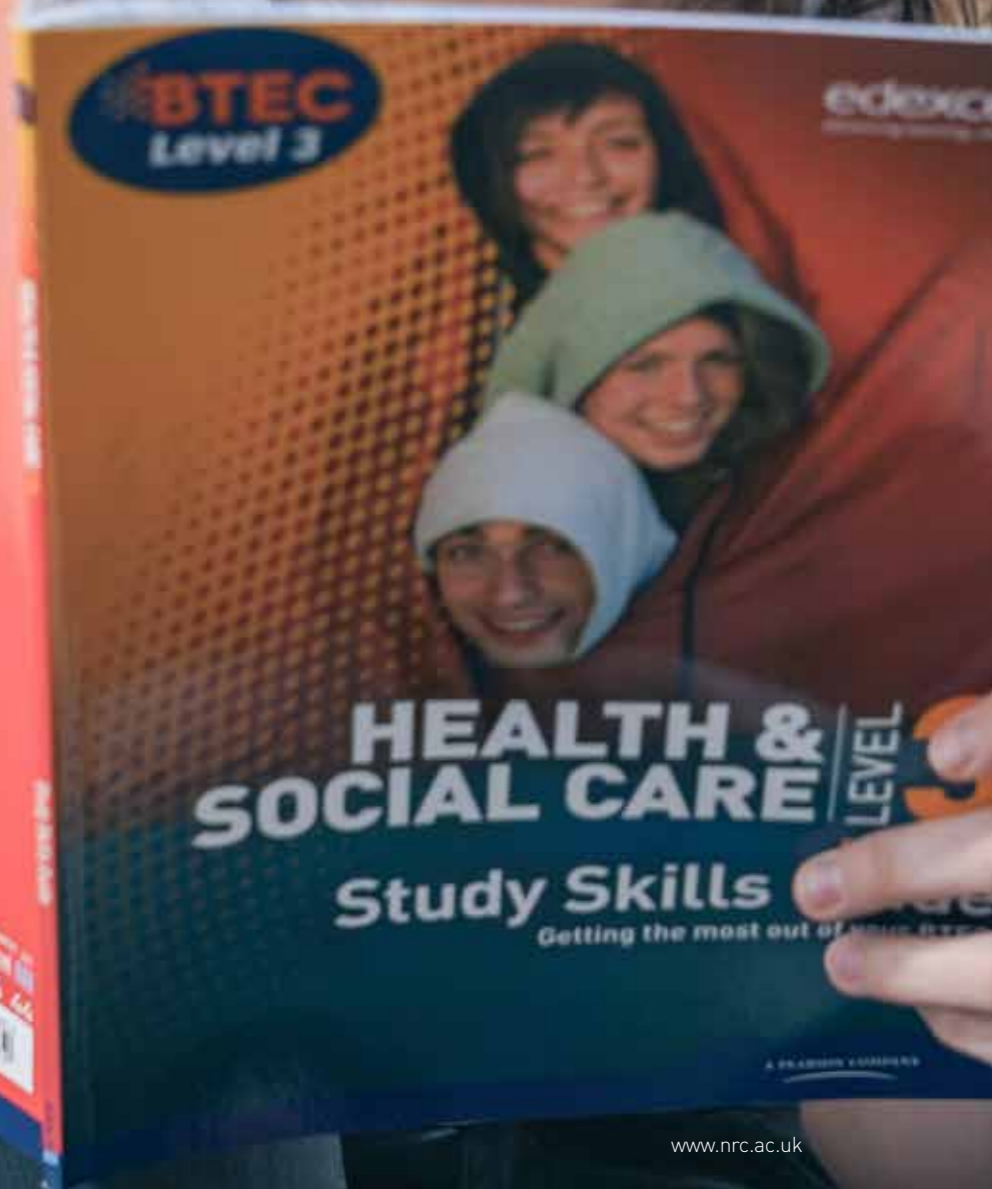
The Governing Body is responsible for ensuring that funds from the Department are used only in accordance with the MSFM agreed with the Department and other conditions which the Department may from time to time prescribe. The Governing Body must ensure that there are appropriate financial and management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

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

Signed:



Mr Bob McCann
Chair of the Governing Body
Northern Regional College



Statement of Corporate Governance and Internal Control For the Year Ended 31 July 2019

Introduction

This Governance Statement for Northern Regional College sets out the governance structures, risk management and internal control procedures that operated within the College during the 2018/19 financial year and up to the date of approval of the Annual Report and Accounts. This Governance Statement has been prepared in accordance with guidance issued by the Department of Finance (DoF) and is aimed at supporting better governance and driving more consistent, coherent and transparent reporting.

Scope of Responsibility

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

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

The Governing Body is responsible for the ongoing strategic direction of the College whilst the Executive Officers are responsible for the operational management of the College.

Governing Body

The College's Governing Body comprises of members appointed by the Minister for the Economy, staff and students of the College, the Principal and members co-opted by the Governing Body. The role of the Chairman of the Governing Body is separate from the role of the College Principal as Chief Executive and Accounting Officer. The Governing Body is responsible for the ongoing strategic direction of the College whilst the Executive Officers are responsible for the operational management of the College. The Governing Body approves all major developments and receives regular reports on the activities of the College. The Governing Body met 6 times during the 2018/19 year and held one strategy day on 2 February 2019. The Governing Body committees include a Resources Committee, an Audit & Risk Committee and an Education Committee. All of these committees are formally constituted with terms of reference.

Unreserved minutes of Governing Body meetings are available from the Secretary to the Governing Body and on the College website. The Secretary to the Governing Body maintains a register of financial and personal interests of the Governing Body members and the PA to the Chief Executive maintains a register for members of the Senior Leadership Team. Formal agendas, papers and reports are supplied to the Governing Body members in a timely manner.

Information presented to the Governing Body and its committees is drafted by the appropriate department and proceeds through the necessary internal clearance procedures before being presented as formal agendas, papers and reports to the Governing Body. This ensures a high quality of reliable and up to date information is presented for the Governing Body's consideration. The Governing Body is content with the quality and reliability of the information presented during 2018/19.

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

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

Member	Meetings Attended	Out of a Possible
Ms Joy Allen (Chair)	2	2
Ms Isobel Allison	6	6
Mr Samuel Kevin Chambers	4	6
Mr Hugh Crossey (Vice Chair)	6	6
Ms Alana Duff (Student Governor)	1	5
Ms Angela Dynes (Staff Governor)	6	6
Mrs Judith Eve	4	6
Mr Mel Higgins (Acting Chief Executive)	1	1
Mr William Hutchinson	4	6
Mr Richard Jay	6	6
Dr David Lennox	6	6
Mrs Yvonne Mallon	5	6
Dr Karen McCambridge (Staff Governor)	6	6
Mr William McCluggage	5	6
Mrs Gillian McConnell	5	6
Mr Ian Murphy	5	6
Professor Terri Scott (Principal & CEO)	4	6

A minimum of six members of the Board must be present for the meeting to be deemed quorate. All Board meetings during the 2018/19 financial year were fully quorate. There were seven male and eight female members of the Governing Body at 31 July 2019.

Success Story



Apprentice of the Year

Five of the College's electrical apprentices were nominated in the category of Apprentice of the Year at the Northern Ireland Electrical Awards 2019.

Calum McAuley emerged the winner, with Jordan Haggan highly commended and Paul Higgins, Conor Hyland, and Adrian Walls shortlisted.



Audit and Risk Committee

The Audit and Risk Committee is responsible for reviewing the effectiveness of the College's accounting procedures and systems of internal control. It provides a channel of communication from the College's auditors, which is not controlled by College management. It also must satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness. The Committee met four times during the 2018/19 year. Discussion included reports from the External and Internal Auditors and the relevant responses.

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

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

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

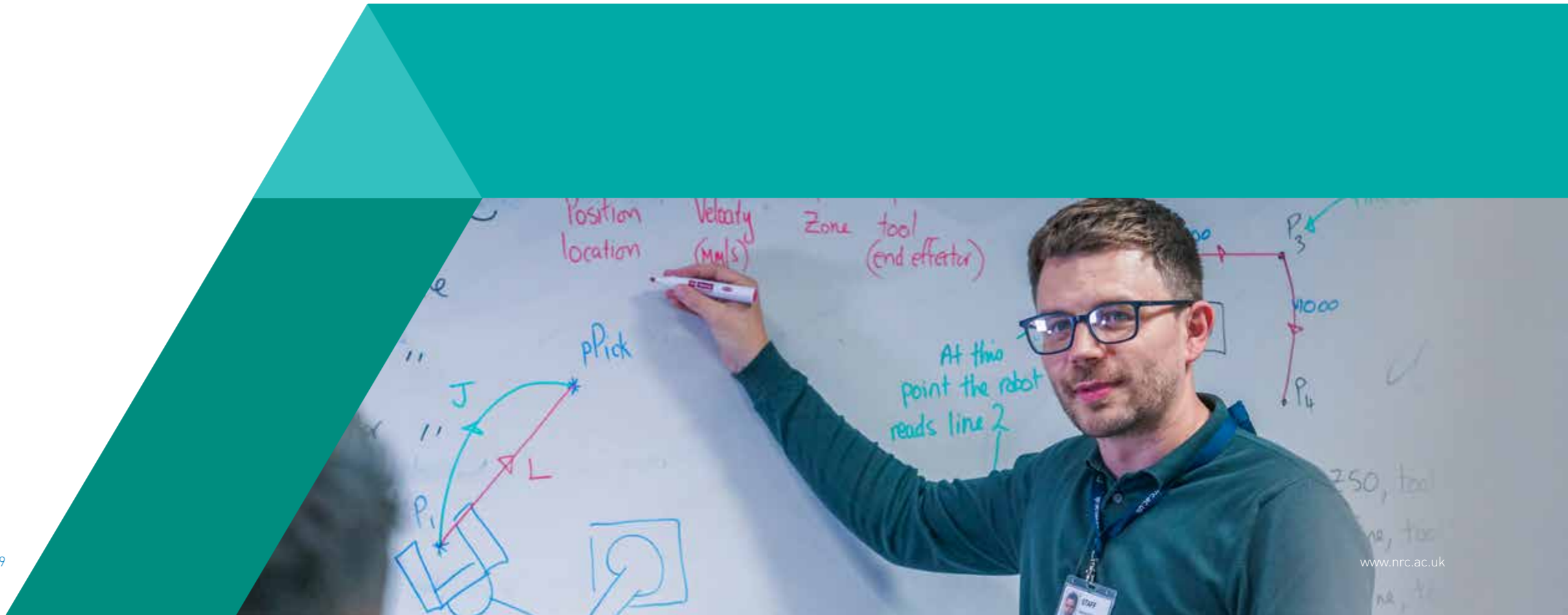
Member	Meetings Attended	Out of a Possible
Mrs Isobel Allison	4	4
Mrs Judith Eve	1	4
Mr William Hutchinson	3	4
Dr Karen McCambridge	4	4
Mr William McCluggage (Chair)	4	4

Resources Committee

The Resources Committee supervises all matters relating to the finance and resources (staffing and

other resources) of the College. The Committee is responsible for ensuring the College meets its statutory obligations under section 75 of the NI Order (1998). The Committee met five times during the 2018/19 year.

Member	Meetings Attended	Out of a Possible
Mr Samuel Kevin Chambers	4	5
Mr Hugh Crossey (Chair)	4	4
Mr Mel Higgins (Acting Chief Executive)	1	1
Mrs Gillian McConnell	5	5
Ms Yvonne Mallon	5	5
Mr Ian Murphy	5	5
Professor Terri Scott (Principal & CEO)	4	5



Education Committee

The Education Committee is responsible for overseeing the curricular provision of the College, especially

the nature, quality and performance of the provision and the extent to which it meets the needs of the community the College seeks to serve. The Committee met four times during the 2018/19 year.

Member	Meetings Attended	Out of a Possible
Ms Alana Duff (Student Governor)	0	4
Ms Angela Dynes (Staff Governor)	3	4
Mrs Judith Eve	2	4
Mr Mel Higgins (Acting Chief Executive)	1	1
Mr Richard Jay	4	4
Dr David Lennox (Chair)	4	4
Professor Terri Scott (Principal & CEO)	2	4

Governing Body Performance and Effectiveness

The Governing Body held a strategic workshop on 20 February 2019. During the course of the workshop the Governing Body considered College strategic priorities for 2019-21 along with a discussion on Board effectiveness which took account of outcomes from the 2018 DfE report on the NRC Governing Body self-assessment survey.

A schedule of membership and attendance at Governing Body and Committee meetings for the 2018-19 year is shown in the tables in pages 53-56. In total there were nineteen meetings of the Governing Body and its various sub committees during 2018-19. Average attendance of governors, excluding staff and student representatives, recorded at Governing Body meetings during 2018-19 was 85% (89.3% for 2017-18).

At July 2019 the NRC Governing Body had one vacant post on the governing body and was without an appointed Chairperson.

In conclusion the Governing Body and Committees of the Northern Regional College met regularly and conducted business effectively during 2018-19.

Senior Leadership Team

The Senior Leadership Team (SLT) of the College consists of:

- ▶ Principal
- ▶ Chief Information Officer and Vice Principal Business Development;
- ▶ Chief Operating Officer;
- ▶ Vice Principal Organisational Development (Temporary Post*); and
- ▶ Vice Principal Teaching & Learning.

* The Vice Principal Organisational Development post was established on 1 July 2017 for a three year period with option to extend for 1 + 1 years.

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

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

The Education Committee is responsible for overseeing the curricular provision of the College, especially the nature, quality and performance of the provision and the extent to which it meets the needs of the community the College seeks to serve. The Committee met four times during the 2018/19 year.

Success Story



Gold for Gilmore

Samuel Gilmore returned home to Northern Ireland in November 2018 with a gold medal in his luggage following the Worldskills UK National finals in Birmingham.

An apprentice with Mark Pollock Joinery in Kilrea, the Aghadowey student came first in the UK in the carpentry competition. Samuel and his fellow competitors were given 18 hours to design and construct a children’s wooden climbing frame in front of 80,000 spectators in Birmingham’s National Exhibition Centre.



Risk Management

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

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

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

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

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

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

The principal risks facing the College at 31 July 2019 have been identified as:

Risks	Description
1	The College does not meet enrolment targets and achievement of qualifications
2	The College does not improve the quality of education
3	The College does not accelerate business and community engagement
4	The College does not accelerate innovation and creativity
5	The College does not achieve financial health
6	The College does not meet data protection requirements
7	The College does not implement sector wide Systems, Technology and Services Project
8	The College fails to deliver an efficient Estates environment in a compliant manner due to Central Procurement Directorate – Properties Division delays and processes
9	College fails to deliver full educational programme due to an inability to secure the requisite skill sets to deliver the full curriculum provision
10	College does not deliver improvements to infrastructure & learning environment

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

Whistleblowing

There was two notified whistleblowing instances during 2018/19. Both issues were ongoing at 31 July 2019.

Fraud Reporting

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

Internal Audit

The College's Internal Audit function is outsourced to Grant Thornton, following a sector wide procurement exercise in 2017. The main remit of the Internal Audit function is to provide the Accounting Officer with an independent and objective opinion on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.

The Annual Opinion and Report, provided by the Internal Audit function, is a key element of the framework of assurance that the Accounting Officer needs to inform this Governance Statement. The

Internal Audit function operates in accordance with HM Treasury's Public Sector Internal Audit Standards (PSIAS).

The Audit & Risk Committee set an audit strategy and work plan for the financial year 2018/19, which was carried out by Grant Thornton (GT). For the period 2018/19 GT has reported an overall **satisfactory** audit opinion on the College's system of governance, risk management and internal control. Satisfactory is the highest assurance rating available.

A summary of the internal audit work and the assurance ratings for each is shown on page 61:

Area Reviewed:	Assurance Rating
Fixed Assets	Satisfactory
Risk Management	Satisfactory
Procurement and Management of Contracts	Satisfactory
Data Protection (GDPR)	Satisfactory
Estates Management	Satisfactory
Curriculum Planning	Satisfactory
Sector Wide Review – Hardship, ASF, Care to Learn	Satisfactory

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

Education Training Inspectorate (ETI)

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

There were no ETI inspections during the 2018/19 year. The last ETI review prior to June 2018 was in March 2017.

ETI reports are available online at www.etini.gov.uk

QAA Summative Review

The Quality Assurance Agency for Higher Education (QAA) is an independent body entrusted with monitoring and advising on standards and quality in UK higher education.

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

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

There were no QAA inspections during the 2018/19 year. The last review prior to 2018 was in 2013.

Information Assurance

Effective information security is a key priority for the College and it recognises that stringent principles of information security must be applied to all information it holds. The College reported two data incidents to the Information Commissioner's Office (ICO) in 2018/19. On both occasions the ICO did not take deem it necessary to take any regulatory action.

Signed:



Professor T Scott
Accounting Officer
Northern Regional College

Date: 13 November 2019



The Certificate 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 Northern Regional College for the year ended 31 July 2019 under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. The financial statements comprise: the Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet, Cash Flow Statement and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion the financial statements:

- ▶ give a true and fair view of the state of Northern Regional College's affairs as at 31 July 2019 and of its deficit for the year then ended;
- ▶ have been properly prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102); and
- ▶ have been prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for the Economy directions issued thereunder.

Opinion on regularity

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

Basis for opinion

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

Other Information

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

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

Opinion on other matters

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

- ▶ the parts of the Remuneration Report to be audited have been properly prepared in accordance with Department for the Economy directions made under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008; and
- ▶ the information given in the Foreword by Vice Chair of the Governing Body, Overview from Principal & Chief Executive, Strategic Report, the unaudited parts of the Remuneration Report, the Statement of Responsibilities of the Governing Body and the Statement of Corporate Governance and Internal Control for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities of the Governing Body

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

Auditor's responsibilities for the audit of the financial statements

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

I am required to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Signed: 

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

Date: 22 November 2019

Statement of Comprehensive Income and Expenditure For the Year Ended 31 July 2019

	Notes	2019	2018
		£'000	£'000
Income			
Department for the Economy income	1	26,086	23,553
Education contracts	2	4,099	3,603
Tuition fees and charges	3	1,969	1,990
Other grant income	4	315	364
Other operating income	5	410	393
Investment Income	6	1	3
Donations and endowments	7	0	0
Total income		32,880	29,906
Expenditure			
Staff costs	8	23,923	20,864
Fundamental restructuring costs	8	420	3
Other operating expenses	10	8,801	8,385
Interest and other finance costs	11	99	165
Depreciation	13	3,675	3,499
Total expenditure		36,918	32,916
Surplus /(Deficit) before exceptional items		(4,038)	(3,010)
Exceptional DfE Repayment	1	-	(1,070)
Surplus / (Deficit) before Tax		(4,038)	(4,080)
Taxation	12	0	0
Surplus / (Deficit) for the year		(4,038)	(4,080)
Unrealised surplus on revaluation of land and buildings	13	3,180	5,118
Actuarial (loss) / Gain in respect of pension scheme	22	(2,801)	3,425
Total comprehensive income for the year		(3,659)	4,463
Represented by:			
Endowment comprehensive income for the year		1	3
Unrestricted comprehensive income for the year		(3,660)	4,460

All amounts above relate to the continuing operations of the College.
The accompanying accounting policies and notes form an integral part of these financial statements.

Statement of Changes in Reserves For the Year Ended 31 July 2019

	Income and expenditure account				Revaluation Reserve	Total
	Unrestricted (excluding Pension)	Pension Reserve	Unrestricted (including Pension)	Endowment		
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2017	3,332	(6,769)	(3,437)	64	53,309	49,936
Surplus/(deficit) from income and expenditure statement	(3,348)	(732)	(4,080)	-	-	(4,080)
Other comprehensive income	-	3,425	3,425	-	5,118	8,543
Transfers between revaluation and income and expenditure account	2,118	-	2,118	-	(2,118)	-
Release of restricted funds spent in year	-	-	-	-	-	-
Balance at 1 August 2018	2,102	(4,076)	(1,974)	64	56,309	54,399
Surplus/(deficit) from income and expenditure statement	(2,618)	(1,420)	(4,038)	-	-	(4,038)
Other comprehensive income	-	(2,801)	(2,801)	-	3,180	379
Transfers between revaluation and income and expenditure account	2,190	-	2,190	-	(2,190)	-
Release of restricted funds spent in year	-	-	-	-	-	-
Total comprehensive income for the year	(428)	(4,221)	(4,649)	0	990	(3,659)
Balance at 31 July 2019	1,674	(8,297)	(6,623)	64	57,299	50,740

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

Balance Sheet as at 31 July 2019

	Notes	2019	2018
		£'000	£'000
Non Current Assets			
Tangible fixed assets	13	71,341	69,304
Intangible assets	14	338	167
		71,679	69,471
Current assets			
Trade and other receivables	16	1,641	1,552
Cash and cash equivalents	21	4,968	3,961
Total current assets		6,609	5,513
Less: Payables - amounts falling due within one year	17	5,606	3,978
Net current assets		1,003	1,535
		72,682	71,006
Total assets less current liabilities		72,682	71,006
Less : Payables: amounts falling due after more than one year	18	13,645	12,531
Provisions:			
Pension Provision	22	(8,297)	(4,076)
Net Assets including pension liability		50,740	54,399
Unrestricted Reserves			
Income and expenditure account (exc. Pension)		1,674	2,102
Pension Reserve		(8,297)	(4,076)
Income and expenditure account (Inc. Pension)		(6,623)	(1,974)
Revaluation Reserve		57,299	56,309
Restricted Reserves			
Endowments	20	64	64
Total Reserves		50,740	54,399

The financial statements on pages 65 to 100 were approved by the Governing Body of the Northern Regional College on 13 November 2019 and were signed on its behalf by:

Signed: 

Mr Bob McCann
Chair of the Governing Body
Northern Regional College

Signed: 

Professor T Scott
Accounting Officer
Northern Regional College

Date: 13 November 2019

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



Statement of Cash Flows For the Year Ended 31 July 2019

	Notes	2019	2018
		£'000	£'000
Cash inflow/ (outflow) from operating activities			
Surplus / (Deficit) for the Year		(4,038)	(4,080)
Adjustment for non-cash items			
Depreciation	13	3,675	3,499
(Increase) / Decrease in receivables	16	(89)	(290)
Increase / (Decrease) in payables less one year	17	1,628	(1,127)
Increase / (Decrease) in payables more one year	18	943	609
Pension cost less contributions payable	22	1,321	567
Pension interest cost	22	99	165
Adjustment for investing or financing activities			
Investment income	6	(1)	(3)
Net Cash inflow / (outflow) from operating activities		3,538	(660)
Cash flows from investing activities			
Investment income	6	1	3
Payments made to acquire fixed assets	13	(2,532)	(1,990)
Increase / (Decrease) in cash and cash equivalents in the year		1,007	(2,647)
Net funds at 1 August	21	3,961	6,608
Net funds at 31 July	21	4,968	3,961

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

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

Statement of Accounting Policies For the Year Ended 31 July 2019

Statement of Accounting Policies

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

Basis of preparation

These financial statements have been prepared on the going concern basis in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102) The Financial Reporting Standard applicable in the UK and Republic of Ireland. The College is a public benefit entity and has therefore applied the relevant public benefit entity requirements for FRS 102. The financial statements are prepared in accordance with the historical cost convention except that certain freehold properties are shown at their revalued amounts.

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

Basis of accounting

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

Going concern

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

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

Basis of consolidation

The College has no subsidiaries.

Recognition of Income

Government Grants

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

Tuition Fees

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

Non-Government Grants

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

Interest

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

Capital Grants (non land grants)

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

Other Capital Grants

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

Donations and Endowments

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

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

Pension Scheme

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

The NITPS is an unfunded contributory, voluntary membership scheme administered by the Department of Education. The current regulations under which the scheme operates are the Teachers' Superannuation Regulations (NI) 1998 (as amended). The NITPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The NITPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

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

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

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.



Enhanced pensions

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

Tangible Fixed Assets

► Land and buildings

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

► Assets under construction

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

► Assets other than land and buildings

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

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

Computers

- three years straight-line

Motor vehicles

- four years straight-line

Plant and equipment

- five years straight-line

Fixtures and fittings

- seven years straight-line

Success Story



Going Stateside

Three students have swapped Northern Ireland to live the American dream for the next year thanks to gaining places on the British Council's Study USA programme.

Tyson McKeown heads to Hanover College, Indiana; Adam Pidgeon will study at King's College, Pennsylvania; while Matthew Sterritt will spend his year at Dakota Wesleyan University, South Dakota.



▶ Leased Assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements which transfer to the College substantially ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

▶ Intangible Assets

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

▶ Jointly Controlled Assets

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

Foreign Currency Translation

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

Taxation

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

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

Liquid Resources

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

Provisions

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

Agency Arrangements

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



Notes to the Financial Statements for the Year Ended 31 July 2019

1. Department for the Economy Income

	2019	2018
	£'000	£'000
Grant in aid received from DfE		
Recurrent grant	24,007	20,934
Release of deferred capital grants	1,481	1,378
Additional support funds	-	643
Employer Support Program / Innovate Us	-	26
Skills Focus	-	93
Exceptional grant – voluntary exit scheme (VES)	415	0
Other	61	376
Grant in aid Total	25,964	23,450

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

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

Such income streams were received by the College separately from the DfE for 8/12 months of the 2018 Financial Year and subsequently included within the recurrent grant for the remainder of the 2018 year and all of the 2019 year.

Non-grant in aid received from DfE		
Education maintenance allowance administration (EMA)	28	29
Higher Level Apprenticeships	94	74
Non-grant in aid Total	122	103
Total DfE income (excluding Exceptional Item)		
	26,086	23,553
Exceptional Repayment	0	(1,070)
Total DfE income (including Exceptional Item)	26,086	22,483

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

2. Education Contracts

	2019	2018
	£'000	£'000
Entitlement Framework	485	492
Training for Success*	3,614	3,111
Total	4,099	3,603

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

3. Tuition Fees and Charges

	2019	2018
	£'000	£'000
Higher Education (HE) income	899	946
Home and other European Union	1,070	1,044
Total	1,969	1,990

4. Other Grant Income

	2019	2018
	£'000	£'000
European funds	24	98
Other funds	291	266
Total	315	364

5. Other Operating Income

	2019	2018
	£'000	£'000
Catering and residence operations	137	147
Other income generating activities	269	242
Other income	4	4
Total	410	393

6. Investment Income

	2019	2018
	£'000	£'000
Income from endowments	1	3
Other interest receivable	0	0
Total	1	3

7. Donations and Endowments

	2019	2018
	£'000	£'000
New Endowments	0	0
Total	0	0

8. Staff Costs

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

	2019	2018
	Number	Number
Governing Body	0	0
Teaching	324	314
Support	98	87
Administration	143	136
Premises	21	20
Total	586	557

Staff costs for the above posts

	2019	2018
	£'000	£'000
Governing Body	44	48
Teaching	13,370	11,780
Support	2,617	2,273
Administration	5,937	5,556
Premises	634	640
FRS charge	1,321	567
	23,923	20,864
Fundamental restructuring costs - VES	420	3
Total	24,343	20,867

8. Staff Costs - Continued

	2019	2018
	£'000	£'000
Wages & salaries	17,789	16,399
Social security costs	1,636	1,502
Other pension costs (including FRS 102 adjustments)	4,498	2,963
	23,923	20,864
Exceptional staff costs – VES	420	3
Total	24,343	20,867

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

	Senior post-holders		Other Staff	
	2019 No.	2018 No.	2019 No.	2018 No.
£60,001 to £70,000	-	-	11	7
£70,001 to £80,000	-	-	1	-
£80,001 to £90,000	1	2	-	-
£90,001 to £100,000	2	2	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	-	-	-	-
£130,001 to £140,000	1	1	-	-
	4	5	12	7

The increase of Other Staff from 7 to 12 was due to pay and pension increases moving staff from lower bands into the bands shown above.

9. Key Management Personnel

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

	2019	2018
	Number	Number
The number of senior post-holders including the Principal was:	5	5

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

	2019	2018
	£'000	£'000
Salaries	377	409
Benefits in Kind	0	0
Pension contributions	75	73
Total emoluments	452	482

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

	2019	2018
	£'000	£'000
Salaries	110	110
Pension contributions	22	20
Total	132	130

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

9. Key Management Personnel - Continued

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

	2019	2018
	£'000	£'000
Compensation paid to the former post-holder	0	0
Estimated value of other benefits, including provisions for pension benefits	0	0
Total	0	0

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

10. Other Operating Expenses

	2019	2018
	£'000	£'000
Direct teaching	581	562
Direct support	2,703	2,421
Administration	2,170	2,257
Premises costs	3,347	3,145
Total	8,801	8,385

Other operating expenses include:

	2019	2018
	£'000	£'000
Auditors' remuneration:		
Financial statements external audit	25	24
Internal audit	15	16

11. Interest and Other Finance Costs

	2019	2018
	£'000	£'000
Net Charge on Pension Scheme (note 22)	99	165
Total	99	165

12. Taxation

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

13. Tangible Fixed Assets

	Freehold Land & Buildings	Assets Under Construction	Plant and Machinery	Computer Equipment	Fixtures and Fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 August 2018	69,326	906	5,432	3,186	217	467	79,534
Additions	-	1,237	701	586	-	8	2,532
Surplus/(Deficit) on revaluation	3,245	-	-	-	-	-	3,245
Impairment	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
At 31 July 2019	72,571	2,143	6,133	3,772	217	475	85,311
Depreciation							
At 1 August 2018	2,749	-	3,867	3,121	203	290	10,230
Charge for the year	2,584	-	760	241	14	76	3,675
Elimination in respect of Reval	-	-	-	-	-	-	-
Backlog Depreciation	65	-	-	-	-	-	65
At 31 July 2019	5,398	-	4,627	3,362	217	366	13,970
Net book value At 31 July 2019	67,173	2,143	1,506	410	0	109	71,341
Net book value At 31 July 2018	66,577	906	1,565	65	14	177	69,304

13. Tangible Fixed Assets - Continued

Land and buildings were last subject to a full revaluation at 31 July 2017 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Service in accordance with Department specifications. Indices, provided by Land and Property Service, were applied to the College's Land and Buildings to provide valuations at 31 July 2019. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

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

	2019	2018
	£'000	£'000
Cost	13,404	13,404
Aggregate depreciation based on cost	(3,728)	(3,351)
Net book value based on cost	9,676	10,053

The net book value of tangible fixed assets includes an amount of £0k (2018: £0k) in respect of assets held under finance leases.

The depreciation charge for the year is analysed as follows:

	2019	2018
	£'000	£'000
Owned assets	3,675	3,499
Assets held under finance leases and hire purchase arrangements	-	-
	3,675	3,499

14. Intangible Assets

Assets Under Construction	
£'000	
Cost or valuation	
At 1 August 2018	167
Additions	171
Disposals	0
At 31 July 2019	338
Amortisation	
At 1 August 2018	0
Charge for the year	0
Elimination in respect of Disposals	0
Impairment	0
At 31 July 2019	0
Net Book Value at 31 July 2019	338
Net Book Value at 31 July 2018	167

The net book value of the intangible asset under construction is a jointly owned and controlled asset among the six Further Education Colleges of Northern Ireland. The asset under construction is a Learner Management System that will be operated centrally for the sector. The intangible asset is funded in full through a capital grant from the Department for the Economy. The total sector-wide cost is estimated at £2,325k.

15. Investments

The College does not have any subsidiary companies.

16. Trade and Other Receivables

	2019	2018
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	156	308
Prepayments and accrued income	321	362
Amounts due from the Department	1,164	882
Total receivables	1,641	1,552

17. Payables: Amounts Falling Due In Less than One Year

	2019	2018
	£'000	£'000
Payments received in advance	1,211	225
Trade payables	430	166
Taxation and social security	969	860
Accruals and deferred income	2,657	2,479
Amounts owed to the Department	339	248
Total	5,606	3,978

Deferred income

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

	2019	2018
	£'000	£'000
Deferred Capital Grant Income	1,240	1,145
Total	1,240	1,145

18. Payables: Amounts Falling Due After More Than One Year

	2019	2018
	£'000	£'000
Deferred Capital Grant Income	13,645	12,531
Total	13,645	12,531

19. Provisions for Liabilities and Charges

	2019	2018
	£'000	£'000
At 1 August	4,076	6,769
Expenditure in the period	1,420	732
Transferred to statement of comprehensive income	2,801	(3,425)
At 31 July	8,297	4,076

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

20. Endowment Reserves

	2019	2018
	£'000	£'000
At 1 August	64	64
New endowments	0	0
At 31 July	64	64

21. Cash and Cash Equivalents

	At 1 August 2018	Cash flows	At 31 July 2019
	£'000	£'000	£'000
Cash and cash equivalents	3,961	1,007	4,968

22. Pensions and Similar Obligations

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

Total pension cost for the year

	2019	2018
	£'000	£'000
NITPS: contributions paid	2,074	1,554
NILGOSC: Contributions paid	1,103	842
NILGOSC: FRS 102 (28) adjustments	1,321	567
NILGOSC: charge to the Statement of Comprehensive Income (staff costs)	2,424	1,409
Enhanced pension charge to the Statement of Comprehensive Income (staff costs)	4,498	2,963
Total pension cost for year	4,498	2,963

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 2016 and NILGOSC was 31 March 2016.

22. Pensions and Similar Obligations – Continued

NITPS

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

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

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

The employer contribution rate increased from 17.7% to 25.1% from 1 April 2019.

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

Salary	
Up to £27,697.99	7.4%
£27,698 to £37,284.99	8.6%
£37,285 to £44,208.99	9.6%
£44,209 to £58,590.99	10.2%
£58,591 to £79,895.99	11.3%
£79,896 and above	11.7%

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

22. Pensions and Similar Obligations – Continued

NILGOSC

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

McCloud Judgement (£646k)

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

Guaranteed Minimum Pension Indexation and Equalisation (£95k)

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

22. Pensions and Similar Obligations – Continued

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2019 by a qualified actuary.

Principal actuarial assumptions

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

	At 31 July 2019	At 31 July 2018
Rate of increase of salaries	3.7%	3.6%
Rate of increase for pensions in payments/inflation	2.2%	2.1%
Discount rate for scheme liabilities	2.2%	2.8%
Inflation assumption (CPI)	2.2%	2.1%
Commutation of pensions to lump sums	75%	75%

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

	At 31 July 2019	At 31 July 2018
Retiring today		
Males	22.3	23.3
Females	24.6	25.9
Retiring in 20 years		
Males	24.0	25.5
Females	26.4	28.2

22. Pensions and Similar Obligations - Continued

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

	Value at 31 July 2019	Value at 31 July 2018
	£'000	£'000
Equities	16,148	22,790
Bonds	16,430	8,541
Property	4,338	3,805
Cash / Other	3,254	2,163
Fair Value of Assets	40,170	37,299

Amounts recognised in the balance sheet

	2019	2018
	£'000	£'000
Scheme assets	40,170	37,299
Scheme liabilities	(48,467)	(41,375)
Deficit in the scheme (net pension liability recorded within pension provision)	(8,297)	(4,076)

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

Amounts included in staff costs

	2019	2018
	£'000	£'000
Employer service cost (net of employee contributions)	1,590	1,409
Past Service Cost / Curtailment	834	0
Total	2,424	1,409

22. Pensions and Similar Obligations - Continued

Analysis of pension finance costs

	2019	2018
	£'000	£'000
Expected return on pension scheme assets	1,052	871
Interest cost	(1,151)	(1,036)
Net charge to other finance costs	(99)	(165)

Analysis of other comprehensive income for pensions

	2019	2018
	£'000	£'000
Actuarial gains on pension scheme assets	1,270	2,804
Actuarial (losses)/gains on the scheme liabilities	(4,071)	621
Total of other comprehensive income	(2,801)	3,425

Movement in (deficit) during the year

	2019	2018
	£'000	£'000
Deficit in scheme at 1 August	(4,076)	(6,769)
Movement in the year:		
Employer service cost (net of employee contributions)	(1,590)	(1,409)
Employer contributions	1,103	842
Net interest on assets	(99)	(165)
Past Service Cost/Curtailment	(834)	0
Actuarial (loss)/gain recognised in other comprehensive income	(2,801)	3,425
Deficit in scheme at 31 July	(8,297)	(4,076)

22. Pensions and Similar Obligations - Continued

Asset and liability reconciliation

	2019	2018
	£'000	£'000
Reconciliation of liabilities	£'000	£'000
Liabilities at start of period	41,375	40,110
Service cost	1,590	1,409
Interest cost	1,151	1,036
Employee contributions	308	270
Actuarial loss/(gain)	4,071	(621)
Benefits paid	(862)	(829)
Past Service Cost	834	0
Liabilities at end of period	48,467	41,375

	2019	2018
	£'000	£'000
Reconciliation of assets	£'000	£'000
Assets at start of period	37,299	33,341
Expected return on assets	1,052	871
Actuarial gain/(loss)	1,270	2,804
Employer contributions	1,103	842
Employee contributions	308	270
Benefits paid	(862)	(829)
Assets at end of period	40,170	37,299

The estimated value of employer contributions for the year ended 31 July 2020 is £1,076k.

23. Events After the End of the Reporting Period

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

24. Capital Commitments

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

	2019	2018
	£'000	£'000
Commitments contracted for at 31 July	1,230	992
Authorised but not contracted at 31 July	0	0
Balance at 31 July	1,230	992

25. Financial Commitments

There were no financial commitments at 31 July 2019.

26. Contingent Liabilities

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

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

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

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

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

27. Related Party Transactions and Transactions Involving Governing Body Members and Senior Management - Continued

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

Governor / Senior Manager	Related organisation	Position in related organisation	Amount paid / (Income) 2018/19	Amount paid / (Income) 2017/18	Nature of transactions	Amount outstanding at 31 July 2019	Amount outstanding at 31 July 2018
			£'000	£'000		£'000	£'000
Ms Joy Allen	Chartered Accountants Ireland	Course Leader	(2)	-	Trainee Accountant Fees	-	-
Mrs Isobel Allison	Graham Asset Management Ltd	HR Manager	(£387)	(£557)	Maintenance	1	25
Mr Steve Brankin (Chief Info. Officer and Vice Principal Business Development)	The Institute of Engineering & Technology	Chair	-	-	Attended an event	1	-
Mrs Judith Eve	Appeals Service (Dept for Communities NI)	Legal Chairman	-	(17)	Project	-	-
Mr Mel Higgins (Chief Operating Officer)	Chartered Accountants Ireland	Member	(2)	-	Trainee Accountant Fees	-	-
Ms Yvonne Mallon	RLC(UK) Systems and Structures Division	Head of HR	-	(3)	Course fees	-	-
Mr Ian Murphy	Chartered Accountants Ireland	Fellow	(2)	-	Trainee Accountant Fees	-	-
Prof Terri Scott (Principal & CEO)	Intertrade Ireland	Board Member	-	(7)	Course Fees	-	(6)
Mr Vincent Taggart (Vice Principal Teaching & Learning)	The Institute of Engineering & Technology	Member	-	-	Attended an event	1	-

28. Amounts Disbursed as Agent: Support Funds

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

	2019	2018
	£'000	£'000
Balance – Opening	(2)	3
DfE grants	128	156
	126	159
Disbursed to students	(101)	(161)
Balance unspent/(overspent) at 31 July	25	(2)

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

	2019	2018
	£'000	£'000
DfE care to learn grant	30	30
Disbursed to students' childcare providers	(30)	(30)
Balance at 31 July	-	-

29. Losses and Special Payments

There were no losses or special payments exceeding £2,000 for the year. (2018 £0).

Total claims abandoned for the year related to bad debt written off totalling £8.3k in relation to 287 cases. (2018 £5k, 165 Cases). There was also one fruitless payment during the year for £0.5k (2018 £0).

Appendix A

Additional Disclosures to comply with Financial Reporting Manual

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

	Notes	2019	2018
		£'000	£'000
INCOME			
DfE income (non grant in aid items)	1	122	103
Education contracts	2	4,099	3,603
Tuition fees and charges	3	1,969	1,990
Other grant income	4	315	364
Other operating income	5	410	393
Endowment and Investment income	6	1	3
Total incoming resources		6,916	6,456
EXPENDITURE			
Staff costs	8	(23,923)	(20,864)
Fundamental restructuring costs	8	(420)	(3)
Other operating expenses	10	(8,801)	(8,385)
Depreciation	12	(3,675)	(3,499)
Interest and other finance costs	11	(99)	(165)
Total resources expended		(36,918)	(32,916)
Exceptional Item – DfE Repayment	1	-	(1,070)

Additional Disclosures to comply with Financial Reporting Manual - Continued

	Notes	2019	2018
		£'000	£'000
Net Deficit for the year		(30,002)	(27,530)
Unrealised surplus/(deficit) on revaluation of land and buildings		3,180	5,118
Actuarial (loss)/gain in respect of pension scheme		(2,801)	3,425
Amount transferred to reserves		(29,623)	(18,987)

Analysis of reserves prepared under FReM			
Balance at 1 August		54,399	49,936
Grant in aid received in year	1	25,964	23,450
Amount transferred to reserves		(29,623)	(18,987)
Balance at 31 July		50,740	54,399

Appendix A1

DfE income (non-grant in aid items)

	2019	2018
	£'000	£'000
EMA	28	29
Higher Level Apprenticeships	94	74
Balance at 31 July	122	103

Appendix A2

Reconciliation of amount transferred to reserves and grant in aid

	2019	2018
	£'000	£'000
Amount transferred to reserves	29,623	18,987
Add back: total comprehensive income for the year	(3,659)	4,463
Grant in aid received in year	25,964	23,450

