

NORTHERN REGIONAL COLLEGE
Annual Report and Accounts
For the year ended 31 July 2014

*The Accounting Officer authorised these
financial statements for issue*

on

19 November 2014

*Laid before the Northern Ireland Assembly
under the Institutions of Further Education (Public Sector Audit) Order (Northern Ireland)
2008*

by the Department for Employment and Learning

on

11 December 2014



NORTHERN REGIONAL COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2014

**NORTHERN REGIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2014**

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NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2014.

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.

Statement of Aspiration

ASPIRE AIM ACHIEVE

The aspirations of Northern Regional College are to:

- put the learner at the heart of all that we do;
- be a responsive and indispensable resource for the community and the local economy;
- develop and support a professional workforce which can deliver a high quality service and respond positively to new challenges;
- achieve maximum efficiency in the delivery of all aspects of our business.

The Governing Body approved the College Development Plan for 2013-16 on 26 June 2013.

**NORTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW**

Implementation of the Strategic Plan

The strategic objectives for the College for 2013-16, as outlined in the College Development Plan were as follows:

| | |
|-----------------------------------|---|
| Strategic Aims 2013 – 2016 | |
| Student Experience | |
| 1 | Develop and support the continuous improvement of the quality of the entire student learning experience |
| 2 | Deliver an evolving curriculum and associated provision prioritised in relation to social and economic regional need, government policy and resource allocation |
| Staffing | |
| 3 | Deliver the College’s provision and associated services through a team of high quality staff, in a supportive and performance-focused culture |
| College Operations | |
| 4 | Provide the best possible accommodation facilities and infrastructure to support an appropriate teaching and learning environment for learners and staff |
| Relationships | |
| 5 | Develop and maintain a network of local, national and international relationships which support the quality of the College’s provision |
| Finance | |
| 6 | Achieve agreed targets for financial stability as identified through the Business Improvement process |

A set of strategic targets was identified to measure progress against achievement of the objectives. The strategic targets were classified within five domains:

- Student Experience;
- Relationships;
- Staffing;
- College Operations; and
- Finance.

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW

Performance Indicators: Review of Performance in 2013/14

Progress against the realisation of the strategic targets was monitored by the Governing Body at each meeting and the outcome against each target is recorded below:

| Student Experience | Target 2013-14 | Outcome at year end |
|---------------------------|--|--|
| Recruitment | Achieve FLU target 6,628 635 Apprentices/TfS (plus additional 96 partnership trainees) 2,534 Entitlement Framework | 6,381 FLU -247 FLU on target -3.67% on target 571 NRC plus 128 partner trainees/apprentices 2,325 Entitlement Framework students |
| Retention | Retention Rates (R): Whole College = 90% in-year (DEL) Whole College = 85% whole course (eti) | Whole College = 92.23% in year Whole course retention: Further Education (FE)/Higher Education (HE)/Entitlement Framework (EF) = 85.68% Essential Skills (ES) = 81% Work Based Learning (WBL) = 66% |
| Achievement | Achievement Rates (A): Whole College = 80% | Whole College = 90.02% in year Whole course achievement: FE/HE/EF = 75.52% ES = 85% WBL = 93% |
| Success | Success Rates: Whole College = R X A = 72% in-year Whole College = R X A = 68% whole course | Whole College = 83.35% in year Whole course success: FE/HE/EF = 64.70% ES = 69% WBL = 52% |

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW

Performance Indicators: Review of Performance in 2013/14 (Cont'd)

| Student Experience | Target 2013/14 | Outcome at year end |
|--------------------------------------|---|---|
| Student Satisfaction Rate | Achieve minimum increase on 2012/13 satisfaction rates for student surveys by 0.15 overall to 4.50 out of 6.0 scale | 4.29 satisfaction rate achieved |
| Quality | Achieve minimum Grade 3 or equivalent in external evaluations | eti reported verbally that: "the overall quality of education and training provided by NRC has been re-classified as GOOD (Grade 3)" QAA: Academic Standards – Confidence Limits Quality of Learning Opportunities – Confidence Limits Public Information – Reliance (no essential recommendation) |
| Relationships | | |
| Employer Feedback | Achieve a minimum of 5.6 out of 6.0 in employer feedback | Satisfaction survey results for 2013/14 year was 5.5 out of 6.0, equating to 92% satisfaction score |
| Learner Access & Engagement activity | Achieve Learner Access & Engagement (LAE) enrolments of 600 for 19+ and 100 NEETS in partnership with Learner Support Providers | 582 LAE enrolments |
| Area Learning Community Activity | Continue to engage with 11 Area Learning Communities | Engaged with 11 Area Learning Communities as planned |
| International activity | Achieve Erasmus Charter status | NRC awarded Erasmus Charter – access to funding for HE staff and students to support mobility |
| International activity | Secure international funding to support two non-EU based international projects | UKIERI funding application to work with Team Lease Skills University in Gujarat, India has been approved. Funding secured for staff Kansas exchange November 2013. |

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OPERATING AND FINANCIAL REVIEW**

Performance Indicators: Review of Performance in 2013/14 (Cont'd)

| Relationships | Target 2013/14 | Outcome at year end |
|-------------------------------|---|--|
| Business Development Activity | Achieve £1,236k of Business Development activity including £883k grant funded income and £353k bespoke income generation. | Bespoke Training income for the year to 31 July 2014 was £419k The grant income for the year to 31 July 14 was £767k. This out-turn was as a result of funding for DSD CALL project being released later than expected and no decision at present on SIF Costal CALL project (original budget for 13/14 = £217k). Total Business Development activity for year ended 31 July 2014 was £1,186k. |
| Staffing | | |
| Cost of staff | Achieve staff cost: income ratio of 72% by end of financial year | Staff cost: income ratio at 31 July 14 = 70% Staff cost (less catering & cleaning): student related income ratio = 74% at 31 July 14 |
| College Operations | | |
| Outline Business Case | Meet all agreed targets/milestones for Outline Business Case and subsequent development planning for estates development | OBC has been submitted to DEL. |
| Internal Audit | Achieve minimum "Satisfactory" or equivalent in all internal audit reviews | Bank/Treasury Management - Satisfactory Cash Handling - Satisfactory Payments to Creditors - Satisfactory Procurement - Satisfactory Contract Management - Satisfactory IT General Controls - Substantial Corporate Governance & Risk Management – Substantial HR – Substantial Health & Safety - Satisfactory |

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW

Performance Indicators: Review of Performance in 2013/14 (Cont'd)

| Finance | Target 2013/14 | Outcome at year end |
|------------------------|---|--|
| College Finance | Achieve historic cost surplus of £2k | Historical cost surplus year to 31 July 2014 was £705k |
| WBL Activity | Generate £1.826m net WBL income | WBL net income for year ended 31 July 2014 was £2.021m |
| School Activity | Generate £1.542m Entitlement Framework income | EF income for year ended 31 July 2014 was £1.537m |

Financial Objectives for 2014-17

The key financial objectives for 2014-17 are set out in detail in the College Development Plan. The plan identifies that the College will continue to deliver a historic cost surplus in 2014-17, indicating financial stability thereafter. A series of performance indicators has been agreed to monitor the successful delivery of the plan with an agreed budget.

| | 2014/15 £000s | 2015/16 £000s | 2016/17 £000s |
|--|------------------|------------------|------------------|
| TOTAL INCOME | 31,828 | 31,831 | 32,117 |
| Expenditure | | | |
| Staff costs | 22,604 | 22,490 | 22,684 |
| Other operating expenses | 7,670 | 7,754 | 7,754 |
| Net Depreciation | 1,433 | 1,433 | 1,433 |
| Exceptional Costs | 120 | 120 | 120 |
| TOTAL EXPENDITURE | 31,827 | 31,796 | 31,991 |
| Historic cost (deficit)/surplus | 1 | 34 | 126 |

FINANCIAL POSITION

Financial Results

The College generated an operating deficit in the year of £614k (2012/13 – deficit of £2,954k).

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW

Financial Results (Cont'd)

The College reported a historic cost outturn of a £705k surplus compared with the College's original estimated outturn, as per the College Development Plan, of a £2k surplus.

The College does not include an estimate in the budget for FRS17 charge, this charge was £5k for 2014. The historic cost outturn surplus was £703k higher than the budget. A number of high level observations are noted below:

1. The income generated by the work based learning programmes and associated partnerships was £174k greater than the budget for 2013-14. This is mainly as a result of income being received in the early part of 2013-14 for output related funding for 2012-13 and similar output related funding for 2013-14 programmes being received in the later part of 2013-14. This funding was achieved through revisions to the assessment schedule and improvements to the administrative processes to ensure early claiming of funding due. The payments made directly to trainees on these programmes was £95k less than budget, resulting in work based learning net income being £269k less than budget.
2. HE fees income increased by 7% from 12/13 to £686k in 2013-14, reflecting the increase in HE provision, in line with the HE strategy. Income from HE fees was £44k higher than the 2013-14 budget.
3. Other/sundry income increased by approximately £50k from 2012-13 and was £69k greater than budget in 2013-14. This mainly related to a refund of VAT on electricity and gas payments in previous years.
4. Lecturing staff cost decreased by £778k from 2012-13 and was £91k less than budget for 2013-14. The significant staffing cost reduction from the previous year was as a result of the implementation of changes to curriculum delivery patterns, i.e reduction of 45 minutes per week for each FT course. A further reduction in curriculum delivery has been implemented for 2014-15. There has been close monitoring by Curriculum Managers and Senior Managers of part time lecturers' contracts and second contract payable, and staff utilisation. The administrative process supporting this monitoring was also refined and improved during 2013-14. As a result of the profile of staffing expenditure that occurred at the end of 2012-13 prudent accruals were made for all overtime worked throughout the year 2013-14 that may have resulted in a second contract payment. These accruals were only released once it was certain that an overtime payment would not be required, i.e once actual payments for second contract were made in June and July 2014.

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW

Financial Results (Cont'd)

5. Support staff cost decreased by £439k from 2012-13 to £7,793k in 13-14 and was approximately £100k less than budget. This was mainly due to the support staff re-structure and holding vacant posts unoccupied, where possible, for budget management purposes.

The College has significant reliance on DEL for its principal funding source, largely from recurrent grants. In 2013/14, DEL provided 67% of the College's total income through allocated recurrent grant. This represented 14.7% of the total recurrent grant available to the sector.

A series of performance indicators has been agreed to monitor financial performance at a sector level. NRC's performance

| Ratio | Score | Within Target Range | Outside Target Range | Target Range |
|---|-------|---------------------|----------------------|---------------|
| Historic surplus/(deficit) as % of total income | 2.1% | | ✓ | (2%) - 2% |
| Current ratio | 1.62 | ✓ | | 1.5:1 - 2.5:1 |
| Cash days | 29 | ✓ | | 25 - 35 |
| Debtor days | 24 | ✓ | | 0 - 30 |
| Creditor days | 3 | ✓ | | 0 - 30 |
| Staff costs as % of total income | 70% | ✓ | | < 70% |
| Staff costs as % of total costs | 69% | ✓ | | < 70% |
| I&E reserve: surplus/(deficit) as % of total income | 4.3% | | ✓ | 5% - 10% |
| Cash balance as % of total income | 8% | ✓ | | 5% - 10% |

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW

Reserves

The College has accumulated income and expenditure reserves, excluding pension reserves, of £1,390k (£690k – 2013) and cash balances of £2,511k (£2,226k – 2013). This is below the acceptable levels of reserves i.e. the income and expenditure reserve is not within 5-10% of total income, as detailed by the current Financial Memorandum.

Finances and Going Concern

The Governing Body is satisfied that the College is a going concern on the basis that it has a reasonable expectation that the College will continue in operation for the foreseeable future. The financial statements are therefore prepared on the going concern basis.

A budget has been approved for the period 2014-17 which indicates that the College will deliver a historic cost surplus for each year in the period and I&E reserve will remain in excess of £700k.

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 £69k, (2012-13 £991k outflow).

Liquidity

The College has no loans or borrowings.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

The College decreased its student establishment by 4.2% during the year, giving a total establishment of 5,584.5 FTEs. 2,596 full-time and 5,559 part-time students obtained qualifications during the year.

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW

Student Achievements

Notable student achievements during the year were:

- The NRC-Equiniti internships, offering fifteen paid internships at the software company Equiniti in Belfast along with part-time study for a HNC at NRC won the award for Education Partnership at the Business in the Community awards.
- David Cargill and James Overend competed for the UK team in the 2013 Worldskills Mechatronics event in Leipzig and finished 10th out of 32 countries achieving Medallions of Excellence for reaching the designated world standard.
- Jordan Hunter, a student on the Engineering Career Academy, was the winner for the Northern Ireland/Scotland region of the Career Academies UK - Sir Winfred Bischoff Award.
- Irish TV Awards: Michael Whiteside, Creative Media Production in Ballymena won the category for Animation and Nicola Clyde, Creative Media Production, Ballymoney was shortlisted in the Factual Category.
- NRC had a total of six winners in the CCEA Learner of the Year Ceremony
- BEST (Business & Education through Training & Skills) Awards winner in the 16-18 category (Media): Andrew Nicholl, Corey Agnew +11 team members, also prizes for Joshua Millar (Engineering Award) in the 19+ category and Jonathan Mitchell, James Aiken and Luke Webster (Software Award Unit 4) in the 16-18 age category
- NRC/ETT apprentice Ryan Connor was the gold medal winner in Electrical Installation at the recent Skillbuild competition.
- Gareth Harkness, an apprentice Engineer from Ballymena, has been crowned Apprentice of the Year 2014. Gareth is completing his apprenticeship in Engineering at Northern Regional College, Ballymena. He is employed by Ryobi Aluminium Castings in Carrickfergus

Curriculum Developments

NRC offers a wide range of full-time and part-time FE and HE provision, Training, Entitlement Framework and Community courses across a broad spectrum of vocational, professional and technical areas. A number of new curriculum developments were introduced in 2013-14 to address demand and DEL Strategy, particularly in Higher Education and further developments are planned for 2014-15.

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW

Curriculum Developments (Cont'd)

The NRC College Development Plan sets the direction of key curriculum and associated provision developments and related staffing and resource implications for the next three years.

The College Development Plan is aligned with the key Programme for Government and DEL strategies and considers the College present level of activity and type of provision and areas for medium and long term change and development. It also takes cognisance of extensive change in College external environment particularly reconfiguration of local Councils, changes to post primary sector and economic developments.

Further Education

NRC has considered a number of new developments for 2014-15 particularly in full-time provision at Level 1 and Level 2. The College is challenged with sustaining recruitment levels at Level 2 provision particularly with increasing competition from Schools for pupils at KS4 as it continues to contribute to and support an extensive Entitlement Framework provision.

A new full-time course option at Level 1 has been developed and was offered at the Newtownabbey campus in September 2014.

Level 2 provision in Performing Arts has been offered in Ballymoney and Newtownabbey, with a view to extending the Media and Performing Arts area on this latter site.

In order to promote opportunities for employability, improved study skills and additionality, the majority full-time FE students will have the opportunity to undertake a related part-time short accredited vocationally relevant course alongside their main programme of study.

Following the success of the Careers Academy Engineering with the extensive employer engagement with local industry and enhanced opportunities for students in work based learning, Careers Academies in Software Development and Business are planned for 2014-15.

HE Provision

NRC has embarked on an extensive development plan for HE full-time provision. With the lowest MaSN allocation in the sector and limited opportunities for student access to or progression onto HE within the College, a plan to design 5 new Foundation Degrees was implemented during 2013-14.

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW

Curriculum Developments (Cont'd)

Five new programmes have been validated and approved by the University of Ulster and are offered as follows:

| | |
|--------------------------------------|--------------|
| FD Computing | Newtownabbey |
| FD Interactive & Digital Media | Newtownabbey |
| FD Applied Medical Science | Newtownabbey |
| FD Electrical/Electronic Engineering | Ballymena |
| FD Manufacturing Engineering | Ballymena |

Entitlement Framework (EF)

NRC is integral to supporting, sustaining and developing a very successful EF provision within the College catchment area. The College is presently working with key influencers in the Education and Library Boards and Post Primary Heads' Association to ensure that it is involved in early discussion around strategic curriculum developments in this area.

Work Based Learning (WBL) (ApprenticeshipsNI and Training for Success)

The College WBL contract is still presently focused on three main professional and technical areas; Built Environment, Engineering and Motor Vehicle.

NRC awaits the outcome of the ongoing Review of Apprenticeships and Youth Training programme and plans at the earliest opportunity to expand its range of Apprenticeship offer to include new and developing technologies in ICT, Interactive Media and Applied Science as well as considering areas such as Care, Hospitality and Retail to align with employer demand across the catchment area.

Four Campus Model

The College curriculum plan is linked to an estates strategy based on a four campus model. The focus of each campus is integral to a developing curriculum plan and issues such as:

- The demands of the local stakeholders (students, schools, community, business and industry)
- Maintaining local access for a range of provision and levels with opportunities for progression routes within and across the college and sector
- The need to identify and locate high resource specialised professional and technical areas in only 1-2 campuses.

Payment Performance

The Late Payment of Commercial Debt Regulations 2002 requires payments to be made 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 days is 95%.

During the accounting period 1 August 2013 – 31 July 2014, the College paid 88% (2012-13: 66%) of its invoices within 30 days. £99.47 was paid to suppliers in interest charges.

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW

Payment Performance (Cont'd)

The Northern Ireland Executive is committed to paying suppliers as quickly as possible, within 10 working days. During the accounting period 1 August 2013 to 31 July 2014, the college paid 41% (2012-13: 15%) of its invoices within 10 days.

Post Balance Sheet Events

There were no significant post balance sheet events. It should, however, be noted that the term of the Chair of the Governing Body ended on 31 August 2014. Recruitment of a new Chair is currently underway. Also, Mr Trevor Neilands retired as Principal on 31 August 2014 and Professor Terri Scott commenced as Principal on 1 September 2014.

Future Developments

NRC proposes to develop even further, its excellent current links with local and international businesses, schools, organisations and individuals to provide students with the highest quality and most career-relevant educational experience available, as well as playing a central role in the region's economy.

The College is currently finalising an Outline Business Cases (OBC) to define the preferred option for the future provision of the college estate that will best meet the current and future needs of the College in a number of locations. The College curriculum plan is linked to an estates strategy based on a four campus model.

RESOURCES

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

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW

Estate

The College's estate includes campuses at:

| Campus | Net Book Value £'000 |
|-----------------------------------|---------------------------------|
| Antrim (currently not utilised) | 450 |
| Ballymena – Farm Lodge | 10,281 |
| Ballymena – Trostan Avenue | 4,421 |
| Ballymoney | 3,127 |
| Coleraine | 3,482 |
| Larne | 2,467 |
| Magherafelt | 4,300 |
| Newtownabbey | 25,363 |
| Portrush (currently not utilised) | 54 |
| New Build North | 3 |
| Total | 53,948 |

Financial

Net assets at 31 July 2014 were £47.9m (2013:£48.9m) (including £9m net pension liability).

People

The College employs 647 people (2013:678) (expressed as full time equivalents), of whom 373 are teaching staff.

| 2013-14 | % Sickness Absence | Average days Lost |
|-----------------|---------------------------|--------------------------|
| College | 2.55 | 6.28 |
| Support Staff | 2.54 | 6.27 |
| Lecturing Staff | 2.55 | 6.28 |

These figures include all part time lecturers, exclude casual and agency workers and are based on a year of 249 days for 2013-14. The definitions for 2013-14 have been agreed at a sector level to ensure consistency across all colleges. In 2012-13 the figures excluded part time lecturers and therefore, comparative figures are not available.

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People (Cont'd)

| 2012-13 | % Sickness Absence | Average days Lost |
|-----------------|---------------------------|--------------------------|
| College | 3.23 | 8.37 |
| Support Staff | 2.98 | 7.72 |
| Lecturing Staff | 3.56 | 9.22 |

Reputation

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

PRINCIPAL RISKS AND UNCERTAINTIES

NRC is committed to the principles endorsed by Northern Ireland Audit Office in its guidance “Good Practice in Risk Management” issued in June 2011. This commitment includes:

- The support of the concept that “risk management is good management”, and ensuring this is part of the everyday activities of staff;
- The provision of guidance, training and tools to skill staff in managing risk and ensuring that responsibilities are clear;
- The encouragement of staff at all levels to innovate, contribute ideas and to raise concerns;
- The rejection of a blame culture by providing appropriate support when things go wrong.

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

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

**NORTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW**

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 internal audit service, the work of which concentrates on areas of key activities determined by an analysis of the areas of greatest risk and in accordance with the annual internal audit plan approved by the Governing Body. The internal auditors report to the Accounting Officer and to the Audit Committee on a regular basis and have direct access to the Governing Body and to the Chairman of the Audit Committee. Internal Audit has issued an Assurance Statement that provides an opinion on the adequacy and effectiveness of the internal control system and the extent to which it can be relied upon.

The principal risks facing the College have been identified as:

| Risks | Description |
|--------------|---|
| 1 | College Information made available is not appropriately used to evaluate performance and support decision making. |
| 2 | The College does not meet the agreed targets in terms of recruitment to planned curriculum provision. |
| 3 | The College does not meet the agreed minimum standards of quality of curriculum provision. |
| 4 | The College does not have an appropriate mix of staff to support the delivery of developing curriculum, particularly in STEM/PSA areas and associated services in a high quality and affordable and sustainable manner. |
| 5 | The College is unable to afford appropriate investment in infrastructure to support the delivery and development of curriculum and associated services. |
| 6 | The failure to deliver the College’s financial strategy. |

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW

STAKEHOLDER RELATIONSHIPS

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

- students;
- parent/guardians;
- the Department for Employment and Learning;
- staff;
- local employers;
- local councils;
- health and social services trusts;
- government offices/regional development agencies;
- the local community;
- other FE colleges;
- schools and universities;
- trade unions; and
- professional bodies.

The College provides an integrated range of high quality, innovative and customer focused services to students, staff, external partners and stakeholders in order to build and strengthen relationships.

Key aspects of external communications are

- College website
- Promotional material e.g. media campaigns, course guides, e-communications
- representation on local, national and international committees and working groups
- service level agreements e.g. with schools and DEL careers service
- collective bargaining arrangements
- membership of professional bodies

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

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

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW

Equal opportunities and employment of disabled persons

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

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

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

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

The College's Equality Statement states that:

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

Disability statement

Under section 49A of the Disability Discrimination Act (DDA) 1995 (as amended by the Disability Discrimination (Northern Ireland) Order 2006), the Northern Regional College as a public authority will, when carrying out its functions, have 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 OPERATING AND FINANCIAL REVIEW

Disability statement (Cont'd)

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

Disclosure of information to auditors

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

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

Sustainability

The College has a sustainability Development Policy.

Personal data related incidents

There were no personal data related incidents in 2013-14.

Charitable and taxation status

NRC is included on the Charity Commission for Northern Ireland's special circumstances list, until the Commission invites the College to apply for admission to the charity register. The College has a corporation tax record but does believe that corporation tax is due.

Charitable/Political Donations

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

**NORTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW**

Professional Advisers

External Auditors: Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

Internal Auditors: KPMG
Stokes House
17-25 College Square East
Belfast
BT1 6DH

| | | |
|----------|--|---|
| Bankers: | First Trust 78 Wellington Street Ballymena BT43 6AF | Danske Bank 1-2 Broadway Ballymena BT43 6EA |
| | Ulster Bank Danesfort Stranmillis Road Belfast BT9 5UB | Santander Belfast Corporate Banking Centre Ground Floor 1 Mays Meadow Belfast BT1 3PH |

| | | |
|-------------|---|--|
| Solicitors: | J Blair Employment Law Solicitor 46 Hill St Belfast BT1 2LB | Carson McDowell Murray House 4 Murray Street Belfast BT1 6DN |
| | King & Gowdy 298 Upper Newtownards Rd Belfast BT4 3EU | Cleaver Fulton Rankin 50 Bedford Street Belfast BT2 7FW |

NORTHERN REGIONAL COLLEGE OPERATING AND FINANCIAL REVIEW

Members

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

| Name | Date of appointment | End date to current term of office | Date of resignation | Status of appointment | Committees served | Attendance at Governing Body |
|----------------------|---------------------|------------------------------------|---------------------|------------------------|-------------------------------|------------------------------|
| Mr Trevor Neilands | 14 Sept 2007 | - | 31 Aug 2014 | Principal | Staffing Education F&GP | 8 |
| Mr Gerry Gilpin | 1 Sept 2010 | 31 Aug 2014 | | DEL appointed | Gov Body (Chair) | 8 |
| Mrs Kay Collins | 1 Aug 2011 | 31 July 2015 | | DEL appointed | F&GP (Chair) | 6 |
| Mr Samuel Davidson | 1 Aug 2011 | 31 July 2015 | | DEL appointed | Staffing (Chair) F&GP | 6 |
| Mr Richard Jay | 25 Jan 2010 | 4 Jan 2018 | | DEL appointed | Education (Chair) Staffing | 8 |
| Alderman P J McAvoy | 1 Aug 2011 | 31 Jul 2015 | | DEL appointed | Audit | 7 |
| Mrs Alison Rankin | 1 Aug 2011 | 31 July 2015 | | DEL appointed | Audit (Chair) | 7 |
| Mr Ivan Goldsworthy | 15 June 2010 | 14 June 2018 | | DEL appointed | Audit Staffing | 6 |
| Mr Ken Nelson* | 2 Nov 2009 | 31 Aug 2018 | | Co-Opted | Education | 0 |
| Dr David Lennox | 1 Aug 2011 | 31 July 2015 | | DEL appointed | F & GP Staffing | 5 |
| Mr Stephen McCartney | 2 Nov 2011 | 1 Nov 2015 | | Staff Representative | Audit | 7 |
| Mr Stephen Kelly | 1 Sept 2013 | 30 Sept 14 | | Student Representative | Education | 3 |
| Mr Matt Murray | 11 June 2012 | 10 June 2016 | | Staff Representative | Education | 8 |

**NORTHERN REGIONAL COLLEGE
OPERATING AND FINANCIAL REVIEW**

| Name | Date of appointment | End date to current term of office | Date of resignation | Status of appointment | Committees served | Attendance at Governing Body |
|-----------------------|----------------------------|---|----------------------------|------------------------------|--------------------------|-------------------------------------|
| Alderman James Brown | 3 April 2012 | 2 April 2016 | | Board Representative | Audit | 4 |
| Mrs Isobel Allison | 9 July 2012 | 8 July 2016 | | DEL Appointed | Staffing | 8 |
| Mrs Gillian McConnell | 9 July 2012 | 8 July 2016 | | DEL Appointed | F & GP | 6 |
| Mrs Judith Eve | 4 Feb 2013 | 3 Feb 2017 | | Co-Opted | Education | 7 |
| Mr Andrew Kennedy | 13 May 2013 | 12 May 2017 | | Board Representative | Education | 6 |

* Mr Ken Nelson's Term of Office was 02 November 2009 to 01 November 2013 and 01 September 2014 to 31 August 2018

All members served from 1 August 2013 to 31 July 2014 unless otherwise indicated.

The term of the Chair of the Governing Body ended on 31 August 2014. Recruitment of a new Chair is currently underway.

Trevor Neilands retired as Principal on 31 August 2014. Professor Terri Scott commenced as Principal on 1 September 2014.

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

K Collins

Mrs K Collins
Vice-chair of the Governing Body
Northern Regional College

26 November 2014

Date

NORTHERN REGIONAL COLLEGE REMUNERATION REPORT

Remuneration Policy

Members of the Governing Body

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

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

The posts of Members of the Governing Body and the Chairman carry no remuneration or payment of bonus.

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

The Principal and Executive Management Team

The Principal and the Executive Management 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 Executive Management Team hold permanent appointments. The normal retiring age was 65, although staff may retire at any time after age 60. For members of the Teachers' Pension Scheme there is no diminution of earned pension benefits. However, the College reviewed this fixed retirement age and decided it will no longer have a fixed retirement age for anyone reaching that age on or after 31 August 2011 in accordance with legislation.

Minimum pay levels

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

NORTHERN REGIONAL COLLEGE REMUNERATION REPORT

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

Performance pay

There is no performance pay or related scheme for any of the Directors, although this may be reviewed in the future. The Principal was awarded a Performance Related Pay (PRP) award when employed as the Director of North East Institute, from 2004 to 2007. This PRP award has been carried forward to his current post. The Principal was paid PRP of £1,560 during the year (2012-13: £1,560).

Total reward package

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

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

All Senior Staff have thirty five days holiday entitlement and a further thirteen 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.

NORTHERN REGIONAL COLLEGE REMUNERATION REPORT

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 | 2013-14 | | | | 2012-13 | | | |
|--|-----------------|------------------------------|-------------------------------|----------------|-----------------|------------------------------|-------------------------------|----------------|
| | Salary £'000 | Benefits in Kind £'000 | Pension Benefits* £'000 | Total £'000 | Salary £'000 | Benefits in Kind £'000 | Pension Benefits* £'000 | Total £'000 |
| Principal | 105-110 | - | - | - | 105-110 | - | - | - |
| Director of Planning & Customer Services | 75-80 | - | - | - | 75-80 | - | - | - |
| Director of Curriculum | 75-80 | - | - | - | 75-80 | - | - | - |
| Director of Finance & Corporate Development | 70-75 | - | - | - | 70-75 | - | - | - |

1. The Principal was appointed on 1 August 2007.
2. The Director of Planning & Customer Services was appointed on 1 May 2012.
3. The Director of Curriculum was appointed on 1 May 2012.
4. The Director of Finance & Corporate Development was appointed on 1 May 2012.

** 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.*

NORTHERN REGIONAL COLLEGE REMUNERATION REPORT

Salary and Pension Entitlements (Cont'd)

| | 2013-14 £'000 | 2012-13 £'000 |
|--|------------------|------------------|
| Band of highest paid directors total remuneration | 105 - 110 | 105 - 110 |
| Median total remuneration | 23,135 | 22,418 |
| Ratio | 4.65 | 4.90 |

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.

NORTHERN REGIONAL COLLEGE REMUNERATION REPORT

Pension Entitlements (Audited information)

| Officials | Accrued pension at age 60 as at 31/07/14 and related lump sum | Real increase in pension and related lump sum at age 60 | CETV at 31/07/14 | CETV at 31/07/13 | Real increase in CETV |
|---|---|---|------------------|------------------|-----------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Principal | 55-60 plus lump sum of 170-175 | 0-2.5 plus lump sum of 2.5-5 | 1,331 | 1,283 | 0.1 |
| Director of Planning & Customer Services | 30-35 plus lump sum of 100-105 | 0-2.5 plus lump sum of 2.5-5 | 802 | 772 | 0.4 |
| Director of Curriculum | 25-30 plus lump sum of 80-85 | 0-2.5 plus lump sum of 2.5-5 | 566 | 518 | 26.0 |
| Director of Finance & Corporate Development | 15-20 plus lump sum of 25-30 | 0-2.5 Plus lump sum 0-2.5 | 213 | 195 | 13.0 |

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.

NORTHERN REGIONAL COLLEGE REMUNERATION REPORT

Pension Arrangements (Cont'd)

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

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

Enhanced Pensions

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

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.

NORTHERN REGIONAL COLLEGE REMUNERATION REPORT

Cash Equivalent Transfer Values (Cont'd)

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

Real increase in CETV

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

**NORTHERN REGIONAL COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2014**

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

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

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

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

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

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

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

**NORTHERN REGIONAL COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2014**

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

Approved by order of the Governing Body members on 19 November 2014 and signed on its behalf by:

K Collins

26 November 2014

Mrs K Collins
Vice-chair of the Governing Body
Northern Regional College

Date

NORTHERN REGIONAL COLLEGE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2014

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 2013-14 financial year and up to the date of approval of the Annual Report and Accounts. This Governance Statement has been prepared in accordance with guidance issued by the Department of Finance and Personnel (DFP) and is aimed at supporting better governance and driving more consistent, coherent and transparent reporting.

Scope of Responsibility

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

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

Governing Body

The College's Governing Body comprises of members appointed by the Minister for Employment and Learning, members nominated by the Education and Library Board for the area, staff and students of the College, the Principal and members co-opted by the Governing Body. The role of the Chairman of the Governing Body is separate from the role of the College Principal as Chief Executive and Accounting Officer. The Governing Body is responsible for the ongoing strategic direction of the College whilst the Executive Officers are responsible for the operational management of the College. The Governing Body approves all major developments and receives regular reports on the activities of the College. The Governing Body met eight times during the 2013-14 year and has several committees, including a Finance and General Purposes Committee (F&GP), an Audit Committee, a Staffing Committee and an Education Committee. All of these committees are formally constituted with terms of reference.

**NORTHERN REGIONAL COLLEGE
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 JULY 2014**

Governing Body (Cont'd)

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

Information presented to the Governing Body and its sub-committees is drafted by the Executive Management Team and distributed to members by the Secretary to the Governing Body. The quality of information provided is deemed to be satisfactory. The following information is recorded in the Governing Body Self Evaluation Report as examples of information provided at Governing Body meetings:

- Director reports;
- HR reports on key staffing issues;
- ETi and QAA reports;
- information on KPIs;
- reports on equality issues.

It was also noted that further development and effective use of Balanced Scorecard approach to report on KPIs has been identified as a quality improvement objective.

**NORTHERN REGIONAL COLLEGE
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 JULY 2014**

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

| Member | Meetings Attended | Out of a Possible |
|-----------------------|--------------------------|--------------------------|
| Mr Trevor Neilands | 8 | 8 |
| Mr Gerry Gilpin | 8 | 8 |
| Mrs Kay Collins | 6 | 8 |
| Mr Samuel Davidson | 6 | 8 |
| Mr Richard Jay | 8 | 8 |
| Alderman P J McAvoy | 7 | 8 |
| Mrs Alison Rankin | 7 | 8 |
| Mr Ivan Goldsworthy | 6 | 8 |
| Mr Ken Nelson | 0 | 3 |
| Dr David Lennox | 5 | 8 |
| Mr Stephen McCartney | 7 | 8 |
| Mr Matt Murray | 8 | 8 |
| Alderman James Brown | 4 | 8 |
| Mrs Isobel Allison | 8 | 8 |
| Mrs Gillian McConnell | 6 | 8 |
| Mrs Judith Eve | 7 | 8 |
| Mr Andrew Kennedy | 6 | 8 |
| Mr Stephen Kelly | 3 | 7 |

A minimum of seven members of the Board must be present for the meeting to be deemed quorate. All Board meetings during the 2013-14 financial year were fully quorate. There were 13 male and 5 female members of the Governing Body at 31 July 2014.

Audit Committee

The Audit 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 five times during the 2013-14 year to discuss reports from the External and Internal Auditors and the relevant responses.

**NORTHERN REGIONAL COLLEGE
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 JULY 2014**

Audit Committee (Cont'd)

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

Whilst Executive Officers and other officials attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee meet 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 Alison Rankin | 5 | 5 |
| Alderman P J McAvoy | 3 | 5 |
| Mr Ivan Goldsworthy | 4 | 5 |
| Mr Stephen McCartney | 5 | 5 |
| Alderman James Brown | 2 | 5 |

Finance and General Purposes Committee

The Finance and General Purposes Committee inter alia supervises all matters relating to the finance and accounts of the College and the receipt of its income and the expenditure. It is the duty of this Committee to present a report to each meeting of the Governing Body. The Committee met eight times during the 2013-14 year.

| Member | Meetings Attended | Out of a Possible |
|-----------------------|--------------------------|--------------------------|
| Mrs Kay Collins | 8 | 8 |
| Mr Trevor Neilands | 7 | 8 |
| Mr Sam Davidson | 8 | 8 |
| Dr David Lennox | 6 | 8 |
| Mrs Gillian McConnell | 5 | 8 |

Staffing Committee

The Staffing Committee is responsible for dealing with issues in relation to the recruitment, appointment, promotion, grading and development of all staff, other than senior staff. The Staffing Committee is responsible for ensuring the College meets its statutory obligations under section 75 of the NI Order (1998).

**NORTHERN REGIONAL COLLEGE
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 JULY 2014**

Staffing Committee (Cont'd)

The Committee met six times during the 2013-14 year.

| Member | Meetings Attended | Out of a Possible |
|---------------------|--------------------------|--------------------------|
| Mr Sam Davidson | 6 | 6 |
| Mrs Isobel Allison | 5 | 6 |
| Mr Ivan Goldsworthy | 5 | 6 |
| Mr Richard Jay | 4 | 6 |
| Mr Trevor Neilands | 5 | 6 |

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 2013-14 year.

| Member | Meetings Attended | Out of a Possible |
|--------------------|--------------------------|--------------------------|
| Mr Richard Jay | 4 | 4 |
| Mr Trevor Neilands | 4 | 4 |
| Mr Ken Nelson | 0 | 1 |
| Mr Matt Murray | 4 | 4 |
| Mr Andrew Kennedy | 4 | 4 |
| Mrs Judith Eve | 3 | 4 |
| Mr Stephen Kelly | 2 | 4 |

Governing Body Performance and Effectiveness

Members of Governing Body undertook a self-evaluation review (SER) of its performance during the period March 2013 – March 2014 on 12 March 2014. The findings have informed the programme of work for the Governing Body in 2014-15.

NORTHERN REGIONAL COLLEGE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2014

Executive Management Team

The Executive Management Team (EMT) of the College consists of:

- Principal
- Director of Curriculum
- Director of Planning & Customer Services
- Director of Finance & Corporate Development

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

Senior Management Team

The Senior Management Team (SMT) of the College consists of:

- Principal
- Director of Curriculum
- Director of Planning & Customer Services
- Director of Finance & Corporate Development
- Head of Faculty
- Head of Faculty
- Head of Faculty
- Head of Quality Improvement Unit
- Head of Infrastructure
- Head of MIS & Examinations
- Head of Customer Services & Communication
- Head of Business Development
- Head of Human Resources
- Head of Finance

The SMT meets approximately twice every month and has a pre-determined agenda. The purpose of the SMT is to act as a strategic leadership, communication and advisory forum which offers a regular opportunity for members to engage, seek advice and obtain views on matters of significance for their Department or which impact on the College. There were 5 male and 9 female members of the SMT at 31 July 2014.

NORTHERN REGIONAL COLLEGE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2014

Risk Management

NRC is committed to the principles endorsed by Northern Ireland Audit Office in its guidance “Good Practice in Risk Management” issued in June 2011. This commitment includes:

- The support of the concept that “risk management is good management”, and ensuring this is part of the every day activities of staff;
- The provision of guidance, training and tools to skill staff in managing risk and ensuring that responsibilities are clear;
- The encouragement of staff at all levels to innovate, contribute ideas and to raise concerns; and
- The rejection of a blame culture by providing appropriate support when things go wrong.

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

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

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

The College has an 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.

**NORTHERN REGIONAL COLLEGE
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 JULY 2014**

Risk Management (Cont'd)

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

The principal risks facing the College have been identified as:

| Risks | Description |
|--------------|---|
| 1 | College Information made available is not appropriately used to evaluate performance and support decision making. |
| 2 | The College does not meet the agreed targets in terms of recruitment to planned curriculum provision. |
| 3 | The College does not meet the agreed minimum standards of quality of curriculum provision. |
| 4 | The College does not have an appropriate mix of staff to support the delivery of developing curriculum, particularly in STEM/PSA areas and associated services in a high quality and affordable and sustainable manner. |
| 5 | The College is unable to afford appropriate investment in infrastructure to support the delivery and development of curriculum and associated services. |
| 6 | The failure to deliver the College's financial strategy. |

Fraud Reporting

The anti-fraud 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.

During the period 1 August 2013 to 31 July 2014 the College reported 5 suspected frauds. One related to a financial transaction and the remainder were related to estates break-ins. The greatest financial loss as a result of damage to a fence during a break-in was £0.5k. In line with appropriate guidance, all cases of fraud during the year have been reported to DEL and NIAO.

**NORTHERN REGIONAL COLLEGE
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 JULY 2014**

Whistleblowing

There were no notified whistleblowing instances during 2013-14.

Internal Audit

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

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

The Audit Committee set an audit strategy and work plan for the financial year 2013-14, which was carried out by KPMG. For the period 2013-14 KPMG has reported an overall satisfactory audit opinion on the College's system of governance, risk management and internal control.

An additional review of budget setting and financial controls was commissioned by the Audit Committee in September 2013 and carried out by KPMG, the Internal Auditors. This was as a result of the financial deficit for 2012-13 exceeding the planned deficit which resulted in the overall audit opinion noted above.

The Report to Those Charged with Governance in 2013 suggested that the College implemented the recommendations that were outlined in the report compiled by the Executive Management Team in relation to the unplanned deficit in 2012-13. KPMG reviewed the implementation of the recommendations in its follow-up review in June 2014 and concluded that all recommendations had been addressed.

There was one priority one issue relating to the 2013/14 reviews. KPMG recommended that, as a matter of urgency, management put in place adequate procedures to ensure all expenditure, both purchase order and non-purchase order, is procured in line with Departmental procurement guidance.

NORTHERN REGIONAL COLLEGE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 JULY 2014

Internal Audit (Cont'd)

Furthermore, it was recommended that management remind staff of the importance of following College purchasing procedures, including, where applicable, completing a proportionate Business Case, prior to raising a Purchase Order. This recommendation was implemented immediately.

Education Training Inspectorate (eti)

DEL commissions the Education and Training Inspectorate (eti) to inspect and report on the quality of provision across further education, training and employment programmes. Where issues of quality are identified, follow-up inspections take place at regular intervals to monitor progress towards improvement. Follow up inspections during 2013-14 reported progress to be satisfactory and on target.

The College also received a rating of Confidence in the Whole College SER and Quality Improvement Plan and a rating of Confidence in the Training IQRS.

QAA Summative Review

The Quality Assurance Agency (QAA) carried out a Summative Review in November 2013. This is the equivalent of a full inspection of Higher Education provision. The findings were as follows:

- Academic Standards – Confidence
- Quality of Learning Opportunities – Confidence
- Public Information – Reliance

There were no essential recommendations made by QAA.

Information Assurance

Effective information security is a key priority for the College and it recognises that stringent principles of information security must be applied to all information it holds.

There were no personal data related incidents in 2013-14.

Office for National Statistics (ONS) Reclassification of Further Education Colleges

Until October 2010 ONS considered FE colleges across the UK to be autonomous, independent bodies not controlled by central government. Accordingly, ONS classified colleges as private sector, not for profit institutions serving households. However, on 26 August 2010, ONS wrote to the Treasury advising that they planned to revise that decision and reclassify FE colleges as NDPBs.

**NORTHERN REGIONAL COLLEGE
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 JULY 2014**

**Office for National Statistics (ONS) Reclassification of Further Education Colleges
(Cont'd)**

The main issue in determining that the colleges should be reclassified as NDPBs is the degree of control that government has over the colleges. While this reclassification is the result of control “technicalities”, it has a number of significant implications for the College and for the Department, with the College now being reclassified as an NDPB.

This has a major impact on governance, on financial and accounting issues, on the nature of the relationship between the Department and the Colleges, and on the legislative basis under which College may operate in the future.

Pay Progression Increments

The College is required to comply each year with DFP guidance on the approval of pay remits. During the year 2012-13 it was identified that pay progression increments had been made to staff without receiving the required approval from DFP. Despite the payments being made in line with contractual obligations, the absence of DFP approval represents a breach of controls and has resulted in the payments being deemed irregular. The value of the payments in the current year that did not receive approval was £73k for support staff and £55k for lecturing staff. This issue affects all six Colleges in the FE Sector. The irregularity is as a result of a failure to submit business cases to DFP for approval in advance of payment. The issue has now been regularised.

Compliance with procurement guidance

The status of Colleges as Non-Departmental Public Bodies requires the Colleges to procure goods and services through the use of a Centre of Procurement Expertise (CoPE).

The College currently does not have full access to the range of services offered by the Central Procurement Directorate. A sector approach for the provision of a comprehensive procurement service to meet the combined needs of FE Colleges in Northern Ireland and ensuring full compliance with Northern Ireland Public Procurement Policy (NIPPP) is currently being implemented by the Sector in partnership with the Department for Employment & Learning.

**NORTHERN REGIONAL COLLEGE
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 JULY 2014**

Review of Curriculum, Staffing, Estates and Finance at Northern Regional College

The Governing Body and DEL commissioned an external efficiency review of NRC focusing on curriculum, staffing, estates and finance during 2013-14. The findings of the report will be available during 2014-15.

Post Balance Sheet Events

The term of the Chair of the Governing Body ended on 31 August 2014. Recruitment of a new Chair is underway by the Department.

Mr Trevor Neilands retired as Principal on 31 August 2014. Professor Terri Scott commenced as Principal on 1 September 2014.

T Scott

26 November 2014

Professor T Scott

Date

Accounting Officer

Northern Regional College

NORTHERN REGIONAL COLLEGE

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Northern Regional College for the year ended 31st July 2014 under the Further Education (Northern Ireland) Order 1997 as amended by the Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. These comprise the Income and Expenditure Account, Balance Sheet, Cash Flow Statement, Statement of Historical Surpluses and Deficits, Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Governing Body and auditor

As explained more fully in the Statement of Responsibilities of the Governing Body, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Northern Regional College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Northern Regional College and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Northern Regional College's affairs as at 31st July 2014 and of its deficit, cash flows and total recognised gains and losses for the year then ended; and
- the financial statements have been properly prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for Employment and Learning directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

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

Report

Contractual salary increments paid to staff without prior DFP approval

In 2012-13, I qualified my opinion on regularity of the Northern Regional College's financial statements on the basis of contractual salary increments that were paid to staff without having received the required approval from DFP. This issue affected all six colleges in the Further Education sector in Northern Ireland. The appropriate approvals have now been obtained from DFP but a residual irregular amount is included in the 2013-14 financial statements of £136,309. I have not qualified my opinion on regularity in 2013-14 in respect of this residual figure.

External Review of NRC

My detailed observations on the external Review of the Finance, Curriculum, Staffing and Estate at Northern Regional College are included in my report at pages 87 to 89.

K J Donnelly

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

29th November 2014

**NORTHERN REGIONAL COLLEGE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2014**

| | Notes | 2014 £'000 | 2013 £'000 |
|---|-------|---------------|----------------|
| Income | | | |
| Department for Employment & Learning grants | 2 | 23,755 | 23,592 |
| Education contracts | 3 | 4,531 | 4,944 |
| Tuition fees and charges | 4 | 2,067 | 2,116 |
| Other grant income | 5 | 767 | 650 |
| Other operating income | 6 | 760 | 732 |
| Investment income | 7 | 218 | 44 |
| | | <hr/> | <hr/> |
| Total income | | 32,098 | 32,078 |
| | | <hr/> | <hr/> |
| Expenditure | | | |
| Staff costs | 8 | 22,698 | 23,930 |
| Other operating expenses | 10 | 7,421 | 8,100 |
| Interest payable | 11 | 0 | 15 |
| Depreciation | 14 | 2,583 | 2,408 |
| | | <hr/> | <hr/> |
| Total expenditure before exceptional items | | 32,702 | 34,453 |
| | | <hr/> | <hr/> |
| Deficit on continuing operations after depreciation of assets at valuation and before tax and before exceptional items | | (604) | (2,375) |
| | | <hr/> | <hr/> |
| Exceptional items | | | |
| Exceptional costs - staff | 8 | 10 | 579 |
| | | <hr/> | <hr/> |
| Deficit on continuing operations after depreciation of assets at valuation and before tax | | (614) | (2,954) |
| | | <hr/> | <hr/> |
| Taxation | 12 | - | - |
| | | <hr/> | <hr/> |
| Deficit on continuing operations after depreciation of assets at valuation and tax | 13 | (614) | (2,954) |
| | | <hr/> | <hr/> |

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

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

**NORTHERN REGIONAL COLLEGE
STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 JULY 2014**

| | Notes | 2014 £'000 | 2013 £'000 |
|--|-------|---------------|----------------|
| Deficit on continuing operations after depreciation of assets at valuation and tax | 13 | (614) | (2,954) |
| Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount | 21 | 1,319 | 1,507 |
| | | <hr/> | <hr/> |
| Historical cost surplus/(deficit) for the year | | 705 | (1,447) |
| | | <hr/> <hr/> | <hr/> <hr/> |

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

**NORTHERN REGIONAL COLLEGE
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2014**

| | Notes | 2014 £'000 | 2013 £'000 |
|--|-------|----------------|----------------|
| Deficit on continuing operations after depreciation of assets at valuation and tax | 13 | (614) | (2,954) |
| Unrealised surplus/(deficit) on revaluation of fixed assets | 14 | 6,260 | (3,601) |
| Actuarial gain/(loss) in respect of pension scheme | 23 | (6,831) | 2,763 |
| | | <hr/> | <hr/> |
| Total recognised gains/(losses) since last report | | (1,185) | (3,792) |
| Reconciliation of movement in reserve | | | |
| Opening reserves as stated | | 35,959 | 39,751 |
| Total recognised gains/(losses) for the year | | (1,185) | (3,792) |
| | | <hr/> | <hr/> |
| Closing reserves | | 34,774 | 35,959 |
| | | <hr/> <hr/> | <hr/> <hr/> |

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

**NORTHERN REGIONAL COLLEGE
BALANCE SHEET
AS AT 31 JULY 2014**

| | Notes | 2014 £'000 | 2013 £'000 |
|--|-------|---------------|---------------|
| Fixed assets | | | |
| Tangible assets | 14 | 55,547 | 50,381 |
| Total fixed assets | | <u>55,547</u> | <u>50,381</u> |
| Current assets | | | |
| Debtors | 16 | 1,129 | 1,238 |
| Cash at bank and in hand | | 2,511 | 2,226 |
| Total current assets | | <u>3,640</u> | <u>3,464</u> |
| Less: Creditors - amounts falling due within one year | 17 | (2,215) | (2,763) |
| Net current assets | | <u>1,425</u> | <u>701</u> |
| Total assets less current liabilities | | 56,972 | 51,082 |
| Add : Debtors: amounts falling due after more than one year | 16 | - | 7 |
| Less : Creditors: amounts falling due after more than one year | | - | - |
| Less : Provision for liabilities | 18 | - | - |
| Net Assets excluding pension liability | | <u>56,972</u> | <u>51,089</u> |
| Net pension liability | 23 | (9,030) | (2,204) |
| Net Assets including pension liability | | <u>47,942</u> | <u>48,885</u> |
| Deferred capital grants | 19 | 13,121 | 12,881 |
| Endowments | 20 | 47 | 45 |

**NORTHERN REGIONAL COLLEGE
BALANCE SHEET
AS AT 31 JULY 2014**

Reserves

| | | | |
|--|----|----------------------|----------------------|
| Income and expenditure account excluding pension reserve | 22 | 1,390 | 690 |
| Pension reserve | 23 | <u>(9,030)</u> | <u>(2,204)</u> |
| Income and expenditure account including pension reserve | 22 | (7,640) | (1,514) |
| Revaluation reserve | 21 | 42,414 | 37,473 |
| Total reserves | | <u>34,774</u> | <u>35,959</u> |
| TOTAL | | <u>47,942</u> | <u>48,885</u> |

The financial statements on pages 52 to 86 were approved by the Governing Body of the Northern Regional College on 19 November 2014 and were signed on its behalf by:

K Collins

T Scott

Mrs K Collins
Vice-chair of the Governing Body
Northern Regional College

Professor T Scott
Accounting Officer
Northern Regional College

26 November 2014

26 November 2014

Date

Date

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

**NORTHERN REGIONAL COLLEGE
CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2014**

| | Notes | 2014 £'000 | 2013 £'000 |
|---|--------------|-----------------------|-----------------------|
| Cash inflow/(outflow) from operating activities | 24 | 69 | (991) |
| Returns on investment and servicing of finance | 25 | 218 | 44 |
| Taxation | 12 | - | - |
| Capital expenditure and financial investment | 26 | (2) | 2 |
| | | <hr/> | <hr/> |
| Increase/(Decrease) in cash in the year | 27 | 285 | (945) |
| | | <hr/> | <hr/> |
| | | 2014 £'000 | 2013 £'000 |
| Reconciliation of net cash flow to movement in net funds | | | |
| Increase/(Decrease) in cash in the period | 27 | 285 | (945) |
| | | <hr/> | <hr/> |
| Movement in net funds in the period | 27 | 285 | (945) |
| Net funds at 1 August | | 2,226 | 3,171 |
| | | <hr/> | <hr/> |
| Net funds at 31 July | 27 | 2,511 | 2,226 |
| | | <hr/> | <hr/> |

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.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

1. ACCOUNTING POLICIES

Statement of Accounting Policies

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

Basis of preparation

These financial statements have been prepared on the going concern basis in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable Accounting Standards under the historical cost convention except that certain freehold properties are shown at their re-valued amounts. They also conform to the Accounts Direction issued by the Department for Employment and Learning (DEL).

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 Operating and Financial Review. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

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

Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis for the preparation of its Financial Statements.

Basis of consolidation

The College has no subsidiaries.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

1. ACCOUNTING POLICIES (cont'd)

Recognition of Income

The recurrent grant from DEL represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

Non recurrent grants from DEL and other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the asset.

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

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

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

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.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

1. ACCOUNTING POLICIES (cont'd)

Pension Scheme (Cont'd)

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 College has fully adopted FRS17 'Retirement Benefits' during the year. The impact of this standard has been reflected throughout the financial statements.

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 income & expenditure account or the statement of total recognised gains and losses, in accordance with FRS 17.

Enhanced pensions

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

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

1. ACCOUNTING POLICIES (cont'd)

Tangible Fixed Assets

▪ **Land and buildings**

Land and buildings (including those inherited from the Education and Library Board) are stated in the balance sheet at valuation on the basis of depreciated replacement cost (inclusive of 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, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis which is consistent with the depreciation policy.

▪ **Assets other than land and buildings**

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

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

| | |
|-----------------------|-----------------------------|
| Computers | - three years straight line |
| Motor vehicles | - four years straight line |
| Plant and equipment | - five years straight line |
| Fixtures and fittings | - seven years straight line |

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

1. ACCOUNTING POLICIES (cont'd)

Tangible Fixed Assets (Cont'd)

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

▪ **Leased Assets**

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and 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.

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 generally unable to recover input VAT it suffers on goods and services purchased.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

1. ACCOUNTING POLICIES (cont'd)

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. Related payments received from DEL and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 33.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

2. DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS

| | 2014 | 2013 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Recurrent grant | 21,567 | 21,845 |
| Release of deferred capital grants | 1,247 | 848 |
| Additional support funds | 710 | 655 |
| Education Maintenance Allowance administration | 41 | 50 |
| Major works | - | - |
| Learner access and engagement | 80 | - |
| Care to Learn | 105 | 84 |
| Other | 5 | 110 |
| | <hr/> | <hr/> |
| Total | 23,755 | 23,592 |
| | <hr/> | <hr/> |

3. EDUCATION CONTRACTS

| | 2014 | 2013 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Entitlement Framework Courses | 1,537 | 1,637 |
| Training for Success/Apprenticeships NI | 2,773 | 3,206 |
| Training - other | 221 | 101 |
| | <hr/> | <hr/> |
| Total | 4,531 | 4,944 |
| | <hr/> | <hr/> |

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

4. TUITION FEES AND CHARGES

| | 2014 | 2013 |
|-------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Higher Education (HE) income | 686 | 641 |
| Home and other European Union | 1,381 | 1,475 |
| | <hr/> | <hr/> |
| Total | 2,067 | 2,116 |
| | <hr/> | <hr/> |

5. OTHER GRANT INCOME

| | 2014 | 2013 |
|----------------|--------------|--------------|
| | £'000 | £'000 |
| European funds | 19 | 44 |
| Other funds | 748 | 606 |
| | <hr/> | <hr/> |
| Total | 767 | 650 |
| | <hr/> | <hr/> |

6. OTHER OPERATING INCOME

| | 2014 | 2013 |
|------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Catering and residence operations | 435 | 480 |
| Other income generating activities | 321 | 247 |
| Other income | 4 | 5 |
| | <hr/> | <hr/> |
| Total | 760 | 732 |
| | <hr/> | <hr/> |

**NORTHERN REGIONAL COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 JULY 2014**

7. INVESTMENT INCOME

| | 2014 | 2013 |
|----------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Pension finance income (note 23) | 189 | - |
| Other interest receivable | 29 | 44 |
| | <hr/> | <hr/> |
| Total | 218 | 44 |
| | <hr/> | <hr/> |

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:

| | 2014 | 2013 |
|----------------|---------------|---------------|
| | Number | Number |
| Teaching | 373 | 394 |
| Support | 100 | 97 |
| Administration | 131 | 142 |
| Premises | 43 | 45 |
| | <hr/> | <hr/> |
| Total | 647 | 678 |
| | <hr/> | <hr/> |

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

8. STAFF COSTS (Cont'd)

Staff costs for the above persons:

| | 2014 | 2013 |
|-------------------------|---------------|---------------|
| | £'000 | £'000 |
| Teaching | 14,721 | 15,499 |
| Support | 2,366 | 2,464 |
| Administration | 4,516 | 4,751 |
| Premises | 911 | 1,017 |
| FRS 17 charge | 184 | 199 |
| | <hr/> | <hr/> |
| | 22,698 | 23,930 |
| Exceptional staff costs | 10 | 579 |
| | <hr/> | <hr/> |
| Total | 22,708 | 24,509 |
| | <hr/> | <hr/> |

| | 2014 | 2013 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Wages & salaries | 18,796 | 19,890 |
| Social security costs | 1,351 | 1,469 |
| Other pension costs (including FRS 17 adjustments of £184k (2013:£199k)) | 2,551 | 2,571 |
| | <hr/> | <hr/> |
| | 22,698 | 23,930 |
| Exceptional staff costs (redundancy cost) | 10 | 579 |
| Exceptional staff costs (enhanced pension cost) | | - |
| | <hr/> | <hr/> |
| Total | 22,708 | 24,509 |
| | <hr/> | <hr/> |

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

8. STAFF COSTS (Cont'd)

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 | |
|----------------------|----------------------------|-------------|--------------------|-------------|
| | 2014 | 2013 | 2014 | 2013 |
| | No. | No. | No. | No. |
| £60,001 to £70,000 | - | - | 6 | 8 |
| £70,001 to £80,000 | - | - | - | - |
| £80,001 to £90,000 | 3 | 3 | - | - |
| £90,001 to £100,000 | - | - | - | - |
| £100,001 to 110,000 | - | - | - | - |
| £110,001 to £120,000 | - | - | - | - |
| £120,001 to £130,000 | 1 | 1 | - | - |
| £130,001 to £140,000 | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 4 | 4 | 6 | 8 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

9. SENIOR POST HOLDERS' EMOLUMENTS

Senior post-holders are defined as the Principal and holders of the other senior posts whom the Governing Body has selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body.

| | 2014 | 2013 |
|--|---------------|---------------|
| | Number | Number |
| The number of senior post-holders including the Principal was: | <u>4</u> | <u>5</u> |

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

9. SENIOR POST HOLDERS' EMOLUMENTS (Cont'd)

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

| | 2014 | 2013 |
|-------------------------|--------------|--------------|
| | £'000 | £'000 |
| Salaries | 338 | 344 |
| Pension contributions | 51 | 51 |
| | <hr/> | <hr/> |
| Total emoluments | 389 | 395 |
| | <hr/> | <hr/> |

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

| | 2014 | 2013 |
|-----------------------|--------------|--------------|
| | £'000 | £'000 |
| Salaries | 109 | 109 |
| Pension contributions | 15 | 15 |
| | <hr/> | <hr/> |
| Total | 124 | 124 |
| | <hr/> | <hr/> |

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.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

9. SENIOR POST HOLDERS' EMOLUMENTS (Cont'd)

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

| | 2014 | 2013 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Compensation paid to the former senior post-holder | - | 64 |
| | <hr/> | <hr/> |
| Total | - | 64 |
| | <hr/> | <hr/> |

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

| | 2014 | 2013 |
|------------------|--------------|--------------|
| | £'000 | £'000 |
| Direct teaching | 891 | 847 |
| Direct support | 2,253 | 2,390 |
| Administration | 1,733 | 1,886 |
| Consultancy Fees | 16 | 55 |
| Premises costs | 2,528 | 2,922 |
| | <hr/> | <hr/> |
| Total | 7,421 | 8,100 |
| | <hr/> | <hr/> |

Other operating expenses include:

| | 2014 | 2013 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Auditors' remuneration: | | |
| Financial statements audit | 23 | 23* |
| Internal audit | 38 | 31 |
| Hire of other assets - operating leases | 31 | 45 |

* The prior year figure has been amended to reflect the actual charge

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

11. INTEREST PAYABLE

| | 2014 | 2013 |
|---------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Pension finance costs (note 23) | - | 15 |
| Total | <u>-</u> | <u>15</u> |

12. TAXATION

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

13. DEFICIT ON CONTINUING OPERATIONS FOR THE YEAR

| | 2014 | 2013 |
|--|--------------|----------------|
| | £'000 | £'000 |
| The deficit on continuing operations for the year is made up as follows: | | |
| College's deficit for the year | (614) | (2,954) |
| | <u>(614)</u> | <u>(2,954)</u> |

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

14. TANGIBLE FIXED ASSETS

| | Freehold Land £'000 | Buildings £'000 | Plant and machinery £'000 | Computer equipment £'000 | Fixtures and fittings £'000 | Motor vehicles £'000 | Total £'000 |
|----------------------------------|---------------------------|--------------------|---------------------------------|--------------------------------|-----------------------------------|----------------------------|----------------|
| Cost or valuation | | | | | | | |
| At 1 August 2013 | 6,228 | 43,154 | 1,857 | 1,531 | 216 | 108 | 53,094 |
| Additions | - | 3 | 545 | 920 | - | 21 | 1,489 |
| Surplus/(Deficit) on revaluation | (900) | 5,463 | - | - | - | - | 4,563 |
| Disposals | - | - | - | - | - | - | - |
| At 31 July 2014 | 5,328 | 48,620 | 2,402 | 2,451 | 216 | 129 | 59,146 |
| Depreciation | | | | | | | |
| At 1 August 2013 | - | - | 1,391 | 1,103 | 111 | 108 | 2,713 |
| Charge for the year | - | 1,697 | 336 | 522 | 23 | 5 | 2,583 |
| Revaluation | - | (1,697) | - | - | - | - | (1,697) |
| At 31 July 2014 | - | - | 1,727 | 1,625 | 134 | 113 | 3,599 |
| Net book value | | | | | | | |
| At 31 July 2014 | 5,328 | 48,620 | 675 | 826 | 82 | 16 | 55,547 |
| Net book value | | | | | | | |
| At 31 July 2013 | 6,228 | 43,154 | 466 | 428 | 105 | - | 50,381 |

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

14. TANGIBLE FIXED ASSETS (Cont'd)

Land and buildings were last subject to a full revaluation in July 2012 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Services in accordance with Department specifications. Subsequently that revaluation was updated using indices supplied by the Land and Property Services to provide a valuation as at 31 July 2014.

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

| | 2014 | 2013 |
|--------------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Cost | 13,404 | 13,404 |
| Aggregate depreciation based on cost | (1,843) | (1,467) |
| | <hr/> | <hr/> |
| Net book value based on cost | 11,561 | 11,937 |
| | <hr/> | <hr/> |

The net book value of tangible fixed assets includes an amount of £0k (2013: £0k) in respect of assets held under finance leases.

The depreciation charge for the year is analysed as follows:

| | 2014 | 2013 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Owned assets | 2,583 | 2,408 |
| Assets held under finance leases and hire purchase arrangements | - | - |
| | <hr/> | <hr/> |
| | 2,583 | 2,408 |
| | <hr/> | <hr/> |

15. INVESTMENTS

The College does not have any subsidiary companies.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

16. DEBTORS

| | 2014 | 2013 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Amounts falling due within one year: | | |
| Trade debtors | 359 | 512 |
| Prepayments and accrued income | 440 | 374 |
| Amounts due from the Department | 330 | 352 |
| Total Current Debtors | 1,129 | 1,238 |
| Amounts falling due after more than one year: | | |
| Trade debtors | - | 7 |
| Total | 1,129 | 1,245 |
| | | |
| | 2014 | 2013 |
| | £'000 | £'000 |
| Amounts falling due within one year: | | |
| Other | 577 | 722 |
| Amounts due from DEL | 432 | 390 |
| Amounts due from Other Central Government Departments | 120 | 126 |
| Amounts due from local Authorities | 0 | 0 |
| Total Current Debtors | 1,129 | 1,238 |
| Amounts falling due after more than one year: | | |
| Other | - | 7 |
| Total | 1,129 | 1,245 |

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

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

| | 2014 | 2013 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Payments received in advance | 250 | 298 |
| Trade creditors | 62 | 272 |
| Taxation and social security | 828 | 973 |
| Accruals | 979 | 1,201 |
| Amounts owed to the Department | 96 | 19 |
| | <hr/> | <hr/> |
| Total | 2,215 | 2,763 |
| | <hr/> | <hr/> |
| | 2014 | 2013 |
| | £'000 | £'000 |
| Other | 1,342 | 2,086 |
| Amounts owed to DEL | 97 | 19 |
| Amounts owed to Other Central Government Departments | 771 | 658 |
| Amounts owed to local Authorities | 5 | 0 |
| | <hr/> | <hr/> |
| Total | 2,215 | 2,763 |
| | <hr/> | <hr/> |

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

18. PROVISIONS FOR LIABILITIES AND CHARGES

| | Litigation £'000 | Total £'000 |
|---|-----------------------------|------------------------|
| As at 01 August 2013 | - | - |
| Expenditure in the period | - | - |
| Transferred from income and expenditure account | - | - |
| | <hr/> | <hr/> |
| At 31 July 2014 | - | - |
| | <hr/> | <hr/> |

19. DEFERRED CAPITAL GRANTS

| | DEL grants £'000 | Other grants £'000 | Total £'000 |
|--|---------------------------------|-----------------------------------|------------------------|
| At 1 August 2013 | | | |
| Land and buildings | 11,933 | - | 11,933 |
| Other assets | 653 | 295 | 948 |
| | <hr/> | <hr/> | <hr/> |
| | 12,586 | 295 | 12,881 |
| Cash received | | | |
| Land and buildings | 3 | - | 3 |
| Other assets | 1,484 | - | 1,484 |
| Released to income and expenditure account | | | |
| Land and buildings | 379 | - | 379 |
| Other assets | 717 | 151 | 868 |
| | <hr/> | <hr/> | <hr/> |
| Total | 12,977 | 144 | 13,121 |
| | <hr/> | <hr/> | <hr/> |
| At 31 July 2014 | | | |
| Land and buildings | 11,557 | - | 11,557 |
| Other assets | 1,420 | 144 | 1,564 |
| | <hr/> | <hr/> | <hr/> |
| Total | 12,977 | 144 | 13,121 |
| | <hr/> | <hr/> | <hr/> |

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

20. ENDOWMENTS

| | Unrestricted Permanent £'000 | Total £'000 |
|------------------------|---|------------------------|
| At 1 August 2013 | 45 | 45 |
| Income for year | 2 | 2 |
| | <hr/> | <hr/> |
| At 31 July 2014 | 47 | 47 |

| | Unrestricted Permanent £'000 | Total £'000 |
|------------------------|---|------------------------|
| At 1 August 2012 | 42 | 42 |
| Income for the year | 3 | 3 |
| | <hr/> | <hr/> |
| At 31 July 2013 | 45 | 45 |

21. REVALUATION RESERVE

| | 2014 £'000 | 2013 £'000 |
|---|-----------------------|-----------------------|
| At 1 August as stated | 37,473 | 42,581 |
| Revaluations in the period (note 14) | 6,260 | (3,601) |
| Transfer from revaluation reserve to income and expenditure account in respect of : | | |
| Depreciation on revalued assets | (1,319) | (1,507) |
| | <hr/> | <hr/> |
| At 31 July | 42,414 | 37,473 |
| | <hr/> <hr/> | <hr/> <hr/> |

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

22. MOVEMENT ON GENERAL RESERVE

| | 2014 | 2013 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Income and expenditure account reserve | | |
| At 1 August | (1,514) | (2,830) |
| Deficit retained for the year | (614) | (2,954) |
| Transfer from revaluation reserve | 1,319 | 1,507 |
| Actuarial (loss)/gain on pension scheme | (6,831) | 2,763 |
| | <hr/> | <hr/> |
| At 31 July | (7,640) | (1,514) |
| | <hr/> | <hr/> |
| Balance represented by: | | |
| Income and expenditure reserve excluding pension reserve | 1,390 | 690 |
| Pension reserve | (9,030) | (2,204) |
| | <hr/> | <hr/> |
| At 31 July | (7,640) | (1,514) |
| | <hr/> | <hr/> |

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

23. PENSION AND SIMILAR OBLIGATIONS

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

Total pension cost for the year

| | 2014 | 2013 |
|---|--------------|--------------|
| | £'000 | £'000 |
| NITPS: contributions paid | 1,522 | 1,590 |
| NILGOSC: contributions paid | 852 | 782 |
| NILGOSC: FRS 17 charge | 184 | 199 |
| NILGOSC: charge to the income and expenditure account (staff costs) | 1,036 | 981 |
| Enhanced pension charge to the income and expenditure account (staff costs) | - | - |
| Total pension cost for the year | 2,558 | 2,571 |

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 2004 and NILGOSC was 31 March 2013.

NITPS

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).

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 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.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION AND SIMILAR OBLIGATIONS (Cont'd)

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

| Salary | 2013/14 | 2014/15 |
|--------------------|----------------|----------------|
| Below £15,000 | 6.4% | 6.4% |
| £15,000 to £25,999 | 7.0% | 7.2% |
| £26,000 to £31,999 | 7.9% | 8.3% |
| £32,000 to £39,999 | 8.8% | 9.5% |
| £40,000 to £44,999 | 9.2% | 9.9% |
| £45,000 to £74,999 | 10.1% | 11.0% |
| £75,000 to £99,999 | 10.6% | 11.6% |
| £100,000 and above | 11.2% | 12.4% |

FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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.

Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

NILGOSC

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

FRS 17

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2014 by a qualified actuary.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

23. PENSION AND SIMILAR OBLIGATIONS (Cont'd)

Principal actuarial assumptions

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

| | At 31 July 2014 | At 31 July 2013 |
|--|----------------------------|----------------------------|
| Rate of increase in salaries | 4.2% | 5.1% |
| Rate of increase for pensions in payment/inflation | 2.7% | 2.8% |
| Discount rate for scheme liabilities | 4.0% | 4.6% |
| Expected return on assets | 5.9% | 5.8% |

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

| | At 31 July 2014 | At 31 July 2013 |
|-----------------------------|----------------------------|----------------------------|
| <i>Retiring today</i> | | |
| Males | 22.0 | 22.9 |
| Females | 24.5 | 25.7 |
| <i>Retiring in 20 years</i> | | |
| Males | 24.2 | 24.9 |
| Females | 27.7 | 27.7 |

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

| | Long-term rate of return expected at 31 July 2014 | Value at 31 July 2014 £'000 | Long-term rate of return expected at 31 July 2013 | Value at 31 July 2013 £'000 |
|-------------------------------------|--|--|--|--|
| Equities | 6.6% | 18,555 | 6.4% | 21,269 |
| Bonds | 3.3% | 3,009 | 4.0% | 3,358 |
| Property | 4.7% | 3,009 | 4.6% | 2,239 |
| Cash | 4.0% | 502 | 3.4% | 1,119 |
| Total market value of assets | | 25,075 | | 27,985 |
| Present value of scheme liabilities | | 34,105 | | 30,189 |
| (Deficit) in the scheme | | (9,030) | | (2,204) |

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

23. PENSION AND SIMILAR OBLIGATIONS (Cont'd)

Amounts recognised in the balance sheet

| | 2014 | 2013 |
|---------------------------------------|-----------------------|-----------------------|
| | £'000 | £'000 |
| Present value of funded obligations | (34,060) | (30,141) |
| Fair value of plan assets | 25,075 | 27,985 |
| | <u>(8,985)</u> | <u>(2,156)</u> |
| Present value of unfunded obligations | (45) | (48) |
| Unrecognised past service cost | 0 | 0 |
| | <u>0</u> | <u>0</u> |
| Net liability | <u>(9,030)</u> | <u>(2,204)</u> |

Analysis of the amount charged to income and expenditure account

| | 2014 | 2013 |
|---|---------------------|-------------------|
| | £'000 | £'000 |
| Employer service cost (net of employee contributions) | 1,036 | 981 |
| Past service cost | - | - |
| | <u>-</u> | <u>-</u> |
| Total operating charge | <u>1,036</u> | <u>981</u> |

Analysis of pension finance income/(costs)

| | 2014 | 2013 |
|--|-------------------|--------------------|
| | £'000 | £'000 |
| Expected return on pension scheme assets | 1,642 | 1,134 |
| Interest on pension liabilities | (1,409) | (1,148) |
| Losses on curtailments | (46) | (3) |
| Contribution in respect of unfunded benefits | 2 | 2 |
| | <u>2</u> | <u>2</u> |
| Pension finance income/(costs) | <u>189</u> | <u>(15)</u> |

Amount recognised in the statement of total recognised gains and losses (STRGL)

| | 2014 | 2013 |
|---|-----------------------|---------------------|
| | £'000 | £'000 |
| Actuarial gains/losses on pension scheme assets | (5,252) | 3,487 |
| Actuarial gains/losses on scheme liabilities | (1,579) | (724) |
| | <u>(1,579)</u> | <u>(724)</u> |
| Actuarial gain/loss recognised in STRGL | <u>(6,831)</u> | <u>2,763</u> |

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

23. PENSION AND SIMILAR OBLIGATIONS (Cont'd)

Movement in (deficit) during the year

| | 2014 | 2013 |
|---|----------------|----------------|
| | £'000 | £'000 |
| (Deficit) in scheme at 1 August | (2,204) | (4,753) |
| Movement in the year: | | |
| Employer service cost (net of employee contributions) | (1,036) | (981) |
| Employer contributions | 852 | 783 |
| Past service cost | - | - |
| Net interest/return on assets | 189 | (15) |
| Actuarial gain or loss | (6,831) | 2,762 |
| | <hr/> | <hr/> |
| (Deficit) in scheme at 31 July | (9,030) | (2,204) |
| | <hr/> <hr/> | <hr/> <hr/> |

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

23. PENSION AND SIMILAR OBLIGATIONS (Cont'd)

Asset and liability reconciliation

| | 2014 | 2013 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Reconciliation of liabilities | | |
| Liabilities at start of period | 30,190 | 27,675 |
| Service cost | 1,036 | 981 |
| Interest cost | 1,409 | 1,148 |
| Employee contributions | 261 | 261 |
| Experience gains and losses on scheme liabilities | | |
| Actuarial (gain)/loss | 1,579 | 724 |
| Benefits paid | (416) | (602) |
| Past service cost | - | - |
| Curtailments and settlements | 46 | 3 |
| | <hr/> | <hr/> |
| Liabilities at end of period | 34,105 | 30,190 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Reconciliation of assets | | |
| Assets at start of period | 27,986 | 22,922 |
| Expected return on assets | 1,642 | 1,134 |
| Contribution in respect of unfunded benefits | 2 | 2 |
| Actuarial gain/(loss) | (5,252) | 3,487 |
| Employer contributions | 852 | 782 |
| Employee contributions | 261 | 261 |
| Benefits paid | (416) | (602) |
| | <hr/> | <hr/> |
| Assets at end of period | 25,075 | 27,986 |
| | <hr/> <hr/> | <hr/> <hr/> |

The estimated value of employer contributions for the year ended 31 July 2015 is £777k.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

23. PENSION AND SIMILAR OBLIGATIONS (Cont'd)

History of experience gains and losses

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|--------------|--------------|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Difference between the expected and actual return on assets | | | | | |
| Amount £'000 | (5,252) | 3,486 | (789) | 4,134 | 1,622 |
| Experience gains and losses on scheme liabilities | | | | | |
| Amount £'000 | (1,318) | (3) | (184) | 3,462 | 2 |
| Total amount recognised in STRGL | | | | | |
| Amount £'000 | (6,831) | 2,763 | (3,529) | 7,593 | 1 |

24. RECONCILIATION OF OPERATING DEFICIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

| | 2014 | 2013 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Deficit on continuing operations after depreciation of assets | (614) | (2,954) |
| Depreciation (note 14) | 2,583 | 2,408 |
| Deferred capital grants released to income (note 19) | (1,247) | (848) |
| Interest receivable (note 7) | (218) | (44) |
| FRS 17 pension charge (note 23) | 184 | 199 |
| FRS 17 pension finance income/(costs) | (189) | 15 |
| Decrease in debtors | 116 | 77 |
| (Decrease) in creditors | (546) | 156 |
| | <hr/> | <hr/> |
| Net cash inflow/(outflow) from operating activities | 69 | (991) |
| | <hr/> | <hr/> |

25. RETURNS ON INVESTMENT AND SERVICING OF FINANCE

| | 2014 | 2013 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Other interest received | 218 | 44 |
| | <hr/> | <hr/> |
| Net cash inflow from returns on investments and servicing of finance | 218 | 44 |
| | <hr/> | <hr/> |

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

| 26. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT | 2014 £'000 | 2013 £'000 |
|---|-----------------------|-----------------------|
| Purchase of tangible fixed assets | (1,489) | (740) |
| Deferred capital grants received | 1,487 | 742 |
| Net cash outflow from capital expenditure and financial investment | (2) | 2 |

27. ANALYSIS OF CHANGES IN NET FUNDS

| | At 1 August 2013 £'000 | Cash £'000 | At 31 July 2014 £'000 |
|---------------------------|---------------------------------------|-----------------------|--------------------------------------|
| Cash in hand, and at bank | 2,226 | 285 | 2,511 |
| Total | 2,226 | 285 | 2,511 |

28. CASHFLOW RELATING TO EXCEPTIONAL ITEMS

| | 2014 £'000 | 2013 £'000 |
|---------------------------------------|-----------------------|-----------------------|
| Provision as at 1 August | 334 | 362 |
| Income and expenditure account charge | 236 | 578 |
| Operating cash outflow | (495) | (606) |
| Provision as at 31 July | 75 | 334 |

29. POST BALANCE SHEET EVENTS

There were no significant post balance sheet events.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

30. CAPITAL COMMITMENTS

There were no capital commitments at 31 July 2014.

31. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 July 2014.

32. 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.

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
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| | Related organisation | Position in related organisation | Amount paid 2014 £'000 | Amount paid 2013 £'000 | Nature of transactions | Amount outstanding at 31 July 2014 £'000 | Amount outstanding at 31 July 2013 £'000 |
|--------------------------|--|---|-----------------------------------|-----------------------------------|-------------------------------|---|---|
| K. Nelson Governor | Ballymena Academy | Member of the Board | (31) | (38) | EF Fees | - | - |
| | Invest N.I. | Member of the Board | (14) | (8) | Innovation Vouchers | - | - |
| | Larne Community Enterprises | Member of the Board | - | (1) | Course Fees | - | - |
| | Larne Enterprise Development Co. | Chief Executive | 18 | - | Learner Access Engagement | 12 | - |
| J. Brown Governor | North East Education and Library Board | Members of the Board | 10 | 1 | Hire of Premises | - | - |
| | | | (45) | - | Dinner Tickets | - | - |
| T. Neilands Principal | Colleges Northern Ireland | Vice Chair of the Board | 79 | 104 | Annual Subscription | 72 | - |
| G. Gilpin Governor | | Member of the Board | (6) | (8) | Reimbursement of Expenses | (1) | - |

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

| | Related organisation | Position in related organisation | Amount paid 2014 £'000 | Amount paid 2013 £'000 | Nature of transactions | Amount outstanding at 31 July 2014 £'000 | Amount outstanding at 31 July 2013 £'000 |
|-------------------------|-------------------------------|---|-----------------------------------|-----------------------------------|-----------------------------------|---|---|
| P.J. McAvoy Governor | Ballymena Business Centre | Chair of the Board | - | - | Course Fees | - | - |
| | Ballymena Borough Council | Councillor | 2 - | - (1) | Hire of Facilities Course Fees | - | - |
| J Brown Governor | Carrickfergus Borough Council | Councillor | - | - | Course Fees | - | - |

**NORTHERN REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

33. HARDSHIP FUNDS

| | Year Ended 31 July 2014 £'000 | Year Ended 31 July 2013 £'000 |
|-----------------------------------|--|--|
| Balance at 31 July | 19 | 43 |
| DEL grants | 196 | 109 |
| | <u>215</u> | <u>152</u> |
| Disbursed to students | (198) | (133) |
| | <u>17</u> | <u>19</u> |
| Balance unspent at 31 July | 17 | 19 |

34. LOSSES AND SPECIAL PAYMENTS

| | Year Ended 31 July 2014 £ |
|----------------------------------|--|
| Losses and special payments | <u>25,520</u> |
| Bad debt written-off during year | |
| - related party | - |
| - operational < £1000 | 22,368 |
| > £1000 | 2,402 |
| | <u>24,770</u> |

The number of individual debts written off below £1,000 is 220 and the number of individual debts written off greater than £1,000 is 2.

Report of the Comptroller and Auditor General

Report on the College's financial challenges

Background

1. The Northern Regional College (NRC) was established in 2007 following the merger of the Causeway Institute of Further and Higher Education, the East Antrim Institute of Further and Higher Education and the North East Institute of Further and Higher Education. The NRC is the main provider of further education across 9 of the 26 Council areas in Northern Ireland, covering a population of 450,000, or 25% of the people in Northern Ireland. As well as its further education provision, the College provides work-based learning through the Department's Apprenticeships NI and Training for Success schemes.
2. There are approximately 650 staff employed by the College with an annual budget of £32 million.

Financial challenges

3. The NRC made operating deficits¹ before exceptional items of £0.6 million and £2.4 million in 2013-14 and 2012-13 respectively. The net cumulative operating deficit before exceptional items since its formation in 2007-08 is £8.7 million.
4. In 2012-13 the Governing Body expressed concerns over the budgetary process at the College and engaged Internal Audit to carry out a review which identified that the budgetary issues were due to a failure in the processes for the monitoring and reporting of budgets.
5. Concerns had also been raised by both the Department through its quarterly health checks and by my own staff.
6. NIAO's 2012-13 Report to those charged with Governance highlighted that:
 - the College did not meet its FLU² targets;
 - the College had a high percentage of staff costs compared to the other colleges in the sector;
 - there are a number of deficiencies with the estate especially high maintenance levels; and
 - the projected deficit for the year ended 31 July 2013 was exceeded by a considerable margin.

¹ Operating surplus/deficit represents the financial results for the year after all costs, including depreciation based on the revalued amount of fixed assets. The Department however currently monitors the financial performance of the of the Further Education Colleges on the basis of Historical Cost surpluses/deficits which calculate depreciation costs based on historic cost rather than on the higher revalued amount of fixed assets used in establishing the operating surplus/deficit. The historic cost surplus in 2013-14 was £705k and the cumulative historical cost deficit since the College's formation was £3 million.

² Funded Learning Units

7. In October 2013, the Department for Employment and Learning (DEL) commissioned a review³ into the four key areas of curriculum, staffing, estates and finance.
8. External consultants were appointed to examine the management and operations of NRC and to make recommendations aimed at improving the economy, efficiency and effectiveness of its management and operations. The 'Review of the Finance, Curriculum, Staffing and Estate at Northern Regional College' was issued in final form to the Principal and Chair of the Governing Body of NRC in October 2014 and contained 36 recommendations.
9. Key issues identified include:
 - Continuous operating deficits since incorporation in 2007;
 - High staffing costs, mainly within teaching delivery, due to high staff numbers and reduced productivity compared to other Colleges in the sector ;
 - The College has a poor quality Estate. The estates strategy needs greater links to an improved organisational structure, projected student numbers and curriculum planning;
 - Inconsistent curriculum planning across schools;
 - An improved organisational structure is required which raises the strategic profile of the Finance & Quality function;
 - Poor linkage between financial, curriculum and estates planning, forecasting and monitoring; and
 - Governors and senior managers at Northern Regional College have never been able to solve key difficulties relating to an underlying structural deficit, underachievement of FLU targets in most years and the very high level of staff costs.
10. Recommendations include:
 - i. Putting in place a plan to work towards achieving a 2 per cent historical cost surplus by 2015/16;
 - ii. Reducing direct teaching staff costs to align with benchmark averages for individual curriculum areas;
 - iii. Strictly adhering to the process for budget monitoring and implementing the programme of improvement as a matter of urgency;
 - iv. The governing body taking the lead in turning the college strategic development plan into a recovery plan;
 - v. Undertaking a fundamental review of the current structure;
 - vi. Reviewing the current Development Plan to reflect the need for encouraging organisational cultural change;
 - vii. Reviewing the proposed estates solution; and

³ The review was undertaken in accordance with Article 18 of the Further Education (Northern Ireland) Order 1997 – “The Department may arrange for the carrying out (whether as part of an inspection under Article 102 of the 1986 Order or otherwise) by any person of studies designed to improve economy, efficiency and effectiveness in the management or operation of an institution of further education”.

viii. Introducing a new management accountability framework, outside of the appraisal system, for all members of the Executive Management Team.

11. The Governing Body and the Executive Management Team has been asked by the Department to address the recommendations, and to incorporate appropriate actions within the future Strategic Improvement Plan 2015-18.

12. In relation to recommendation iv above, the Governing Body told me that, *“the Governors have and will continue to challenge and support the Senior Management at NRC. However we believe that in ‘taking the lead’, this would be an executive and operational role and is not our understanding of our role as Governors. We will however challenge and monitor the Strategic Improvement Plan and carry out our role as Governors in accordance with good principles of governance.”*

Conclusion

13. I will monitor the progress of the College in implementing the recommendations made in the external Review, and may report on any matters of importance, if appropriate.

K J Donnelly

K J Donnelly

Comptroller and Auditor General

29th November 2014