



Annual Report
and Financial Statements

2022
23

**Belfast Metropolitan College
Annual Report and Accounts
For the year ended 31 July 2023**

*The Accounting Officer authorised these
financial statements for issue
on
13 December 2023*

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

on

10 January 2024

Belfast Metropolitan College
Annual Report and Financial Statements
For the year ended 31 July 2023

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Foreword

By Chair of Governing Body

FOREWORD BY CHAIR OF GOVERNING BODY



On behalf of the Governing Body of Belfast Metropolitan College, I am pleased to report that in spite of another incredibly challenging period, the 2022/23 Academic Year yet again bore testimony to the resilience and dedication of College staff in supporting our learners on their personal journeys to more successful futures.

Through good times and bad, the College prides itself in delivering real benefits to our learners who go on to secure their first job, or through personal growth and development drive the productivity and competitiveness of the companies they work for. 2022-23 was no different with the achievement of 24 Student Awards and 5 Corporate Awards. In addition, we recognised the commitment of 20 colleagues who collected Long Service Awards for 15, 20, 25 and 30 years with the College.

As my time as Governor and Chair draws to a close, since my first appointment in 2011, I can personally testify to how the College has faced into and surmounted many challenges. The economic climate of this period as a whole has been one of significant uncertainty, reflected in continual budgetary pressures, and a constant drive for ever greater efficiencies. In addition, the College has had to operate against a backdrop of two prolonged periods of absence of a functioning Northern Ireland Executive, the outworking's of Brexit, and adapting to Covid.

Yet, whilst the challenges posed by political vacuum, budget uncertainty and Covid-19 have proven difficult, throughout the flux, our values, reflected in our people have remained the constant. Our values of Collaboration, Ambition, Respect, Excellence are reflected day and daily in how our staff show up to work, and continues to inform the strategic decisions we make to underpin the provision of innovative, high-quality services to our learners and businesses across Northern Ireland.

I take great pride in the fact that, through a combination of strong executive leadership and the continued hard work and dedication of our staff, we have faced these many challenges head on. I feel privileged to have witnessed the College's continual growth from a good ETI inspection report in 2013, to very good, and on the cusp of outstanding in 2021-22. In March 2023, a highly constructive and collaborative ETI evaluation took place which recognised how the work of our learners and the willingness of our staff 'go above and beyond'. In May, a successful British Council inspection echoed similar sentiments.

In noting the significant transformation of our delivery, infrastructure and estate over this period, many challenges still lie ahead. Although much has been achieved, there is much yet to do, not least a reform of the Further Education delivery model, which will be realised in collaboration with the other 5 colleges and the Department for the Economy. At Belfast Met we are culturally hard-wired to embrace the ever-quickening pace of change, in service of our dual mandate to broaden opportunity, narrow inequality, and create an economy that works for everyone.

In closing, I wish to record my huge thanks to Belfast Met's Executive Leadership Team, staff, my fellow governors, Department for the Economy colleagues, business & community partners, and most importantly, our learners. At Belfast Met our core purpose, values, and heart remain strong. Together we truly are equipping learners, driving innovation and transforming lives.

Frank Bryan
Chair of Governing Body



Principal and Chief Executive

Message

MESSAGE FROM PRINCIPAL AND CHIEF EXECUTIVE



In preceding years, I have focused on the impact of the pandemic on the lives of our learners. Although we left the vestiges of the pandemic behind us this year, there is no doubt that a legacy impact remains for many. For the second consecutive year we increased the percentage of people participating in social inclusion programmes. There was a 44% increase in people enrolling who declared a disability or long-term health problem as well as a 30% increase in enrolments on ESOL programmes. We worked hard to support learners against this backdrop with increased academic and pastoral support provided by all colleagues across the College and, in particular, by Student Services and Student Support. Our commitment to creating an inclusive learning environment was reinforced with recognition of the Centre for Supported Learning as Highly Commended at the 2023 Open College Network NI Learning Endeavour Awards.

I was privileged to attend my first in-person graduation in November 22. This was an opportunity to meet the graduates who had studied through unprecedented times. As well as celebrating these successes, the ceremony marked a formal coming together after a significant time apart, a particularly important occasion for us as a learning community.

2022-23 was the second year of our Strategic Plan, and we delivered 72% of planned activity. This was a year of recovery for the College, as:

- We reached 11.5% more learners in 2022-23 than the previous year.
- 90.3% of learners that left the College went into further learning or employment – an increase on 2021-22.
- There was an 1.5% decrease in our leavers going into unemployment.
- Learner satisfaction increased by 2% to 94%.
- Employer satisfaction remained high at 88% and we engaged with 15% more businesses in 2022-23 than in 2021-22.
- There was a 72% increase in the number of people in the care of the Northern Ireland Prison Service undertaking College led courses.
- We retained more learners than in the preceding year.

This report sets out in greater detail College performance against these objectives and our achievements to date.

Looking forward to 2023-24 there will be many other challenges for us all to meet, not least, further budget constraints, significant cost of living increases, sector transformation, and the ongoing industrial relations negotiations as well as a non-functioning Northern Ireland Executive. However, the persistence and determination of our most recent graduates is an important reminder of the need for us to continue to work together and to ‘Choose Success.’

Louise Warde Hunter
Principal and Chief Executive



Strategic Report

2022-23

STRATEGIC REPORT 2022-23

NATURE, OBJECTIVES AND STRATEGIES

The Governing Body members present their report and the audited financial statements for the year ended 31 July 2023.

Legal Status

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

The College has been granted charitable status by the UK HM Revenue and Customs.

Purpose of Further Education in Northern Ireland

The purpose of the further education sector is to improve skills in Northern Ireland; increase economic participation; and widen access and inclusion, and, in doing so, support economic development.

Strategic Context

Belfast Met has a dual mandate to promote economic growth and social inclusion. Our provision is fully aligned with the key Government policies and projects which set the policy and delivery context for Belfast Met, namely:

- Skills for 10X Economy – Skills strategy for NI
- NI 10X Economic Strategy
- NI Economic Strategy
- NI Economic Recovery Plan 2022-25
- DfE Transformation Programme
- NI Government Instability and Departmental Fiscal Pressure
- College Long-Term Financial Sustainability Strategic Commitment
- New Decade, New Approach
- Programme for Government
- Transition of Young People into Careers (14–19) project
- Tourism Recovery Action Plan
- Forthcoming Independent Review of Education
- Belfast Region City Deal.

About Belfast Met

Our Vision, Purpose and Values were reaffirmed in the refreshed 2021-22 – 2023-24 Strategic Plan, *‘Choose Success’*, which places our learners at the heart of everything we do.

Vision

Our Vision is to be a:

- College of Choice for learners
- Employer of Choice for talent
- Partner of Choice for employers and businesses

Purpose

Equipping learners, driving innovation, transforming lives.

Values

Four core values underpinning our work are:

Collaboration

Forging strong and creative partnerships based on shared goals and mutual respect, striving to bring out the best performance, and delivering clear and tangible outcomes.

Ambition

Determined to accomplish great things for our learners, our college, our business and industry partners, the communities we serve, and the city of Belfast and beyond.

Respect

Valuing everyone's contribution, acting with courtesy and consideration, providing help and support when needed, and always behaving in an honest, transparent and fair manner.

Excellence

Making excellence part of our day-to-day working lives, seeking continuous quality improvement, and setting and achieving the highest possible standards for individuals and for the College.

Choosing Success 2021/22-2023/24

2021-22 saw the publication of our new 2021/22 – 2023/24 Strategic Plan, 'Choose Success'.

The College outlines its priorities within the Strategic Plan to ensure continuous improvement in the delivery of our dual mandate of promoting economic growth and social inclusion. These priorities are based upon the wider, long-term outcomes identified by the Northern Ireland Executive and the Department for the Economy. They were developed on the basis of internal and external analysis of performance information, key government policies and socio-economic data as well as stakeholder engagement.

The College articulated the following five key objectives:

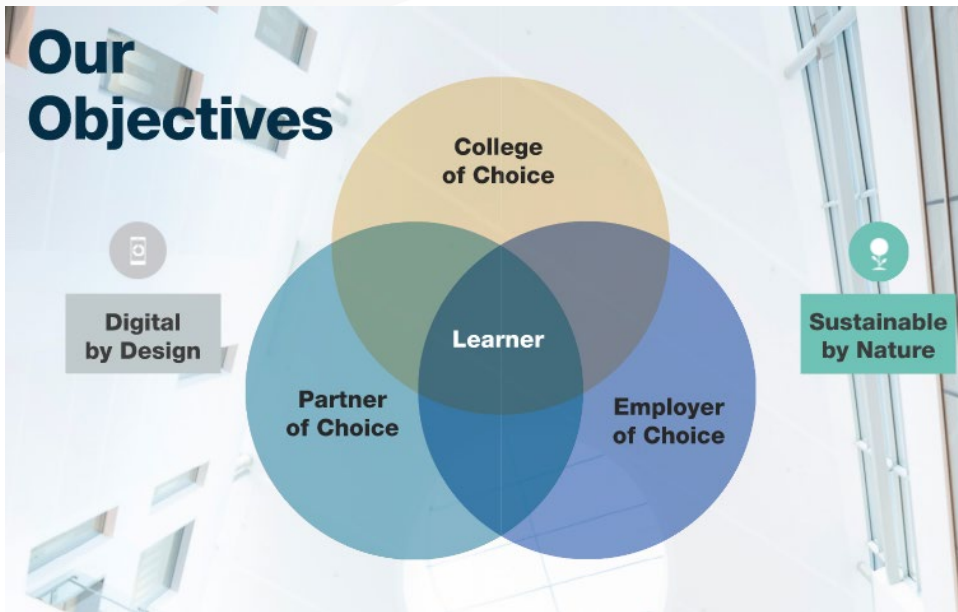
Objective 1: To be a College of Choice, providing learners with an excellent learning experience on relevant, high-performing and flexible skills and education programmes that enable them to progress into work or further study.

Objective 2: To become an Employer of Choice, committed to attracting and developing talented people to realise the College's purpose.

Objective 3: To be a Partner of Choice, playing a central part in developing and supporting the delivery of education, skills, employability and business development programmes regionally, nationally and internationally.

Objective 4: To be Digital by Design, using digital solutions to enhance teaching and learning to improve how we work.

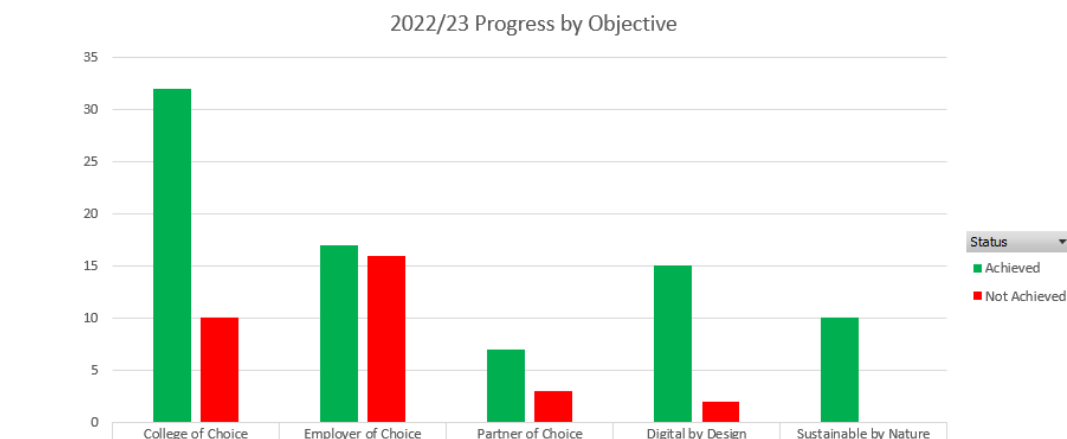
Objective 5: To be Sustainable by Nature, using our role as educators to inspire, celebrate and advance the sustainability agenda, maximising our positive impact on the environment, economy and communities we serve.



A comprehensive range of actions to deliver on our dual mandate of promoting economic growth and social inclusion are articulated within the Strategic Plan, which underpins our operational plans, as well as the College Development Plan 2022-23, Widening Access and Participation Plan 2022/23 – 2024/25, the College Equality Scheme, the Disability Action Plan, and the Whole College Quality Improvement Plans 2021-22 and 2022-23.

Progress against the Strategic Plan

We made the following progress against our strategic objectives during the second operational year of 2021/22 – 2023/24 Strategic Plan, ‘Choose Success’:



We identified 10 strategic targets within the Strategic Plan and committed to reporting progress against these in an annual impact report to the Governing Body, which is also published on the [College website](#).

We achieved, exceeded or progressed 100% of our 10 strategic targets as follows:

Target Number	Target	Progress
What did we do?		
1. Learners on main programmes	Meet <u>all</u> our enrolment targets for our <u>main programmes</u> as agreed in our Annual College Development Plan for each year of this Strategic Plan.	While we exceeded our overall enrolment targets across full-time Further Education (FE), Apprenticeships NI and Higher Level Apprenticeships, we fell short of our Higher Education and Traineeships targets. Our overall enrolments in 2022-23 were 21,374 against a planned target of 20,293. This was an increase of 11.5% from 2021-22.
2. Learners on targeted inclusion programmes	Increase the percentage of enrols on non-core targeted programmes by 5% per year from the 2020-21 baseline position up to a total target of 15% in year 3.	We increased the percentage of people participating in social inclusion programmes by 8% from 2021-22 to 2022-23. This is a 26% increase from the baseline position in 2020-21.
How well did we do it?		
3. Learner retention, achievement and success	Achieve over 92% for retention, over 88% for achievement and over 81% for success.	Our learners continued to achieve and succeed: Retention 91.2% Achievement 85.8% Success 78.3%
4. Learner satisfaction	Improve on 90% student satisfaction (average of LSS and NSS).	Student satisfaction increased for the second consecutive year, to 94%.
5. Employer satisfaction	Improve the overall level of employer satisfaction to 85%.	Employer satisfaction was 88%.
6. Employee satisfaction	Increase employee satisfaction by 2% per annum.	Data not yet available. Employee Satisfaction Survey scheduled for Spring 2024.
7. Sustainable finances	For the three years of this Strategic Plan, we aim to consolidate our financial position to live within our budget. Over the three years of the plan, we will seek to: •increase the total value and contribution of non-core funded programmes (including all apprenticeship programmes). •ensure we maximise the opportunities for additional funds we will seek to ensure that all our non-core programmes draw down at least 95% of total budgets throughout the period of this plan.	<ul style="list-style-type: none"> We lived within our budget. Value and contribution of non-core funded programmes increased from £12.2m in 2021-22 to £13m in 2022-23. We drew down 98% of total non-core programme budgets.
8. Corporate governance and accountability	Comply with <u>all</u> obligations placed upon us as a non-departmental public body.	<ul style="list-style-type: none"> We exceeded our overall enrolment target by 1,081 enrolments. We were 100% compliant in providing timely accountability returns to our parent body, the Department for the Economy (DfE).

		<ul style="list-style-type: none"> We are progressing all 62 of the key internal controls required of us by the Department for the Economy (DfE).
9. Business upskilling and reskilling	Improve upon the baseline performance in business skills and innovation programmes by 5% for the total number of businesses and employees engaged.	We engaged with 286 businesses in 2022-23, exceeding our 5% increase target and reaching 15% more businesses in 2022-23 than in 2021-22.
Is anyone better off?		
10. Learner Progression	At least 90% of both FE and HE leavers going into further learning or employment <u>and</u> the number of those falling into unemployment <u>reduced</u>.	<p>90.3% of both FE and HE leavers went into further learning or employment (up from 2021-22 impact report)</p> <p>FE and HE leavers going into unemployment decreased to 3.9% (down from 2021-22 impact report)</p>

Performance against College Development Plan (CDP)

Belfast Met, along with all FE Colleges, ensures that our key priorities are based on the need of the population and are aligned to the policy context outlined earlier in this report.

In 2022, DfE approved [Belfast Met's College Development Plan 2022-23](#). This served as the baseline against which delivery of operational targets was measured throughout the academic year.

The Department for the Economy monitors our progress against three CDP report cards:

1. **Qualifications**
2. **Business**
3. **Social Inclusion**

A summary of performance against our three CDP report cards is set out in our [CDP Progress Report](#), which is submitted to the Department for the Economy three times a year.

Education and Training Inspectorate (ETI) level 3 Evaluation

An evaluation visit took place in March 2023, the ETI findings report stated that 'Based on the evidence available, the evaluation visit identified the positive actions the college's leaders, managers and staff are taking to deliver a relevant and contemporary curriculum at level 3, including the ApprenticeshipsNI 2021 programme. These actions as set out in the key findings are supporting economic and social development.

Informed well by the self-evaluation and quality improvement planning processes in place, the curriculum has clear progression pathways to meet the needs of learners, business and industry in the professional and technical areas sampled.

There is strong evidence that the views and ideas of the learners, staff, business and industry representatives are informing ongoing monitoring and evaluation of the effectiveness and responsiveness of the curriculum in meeting needs and emerging needs.

The college is inclusive and widening access to attract a diverse range of learners, including through collaborative delivery approaches, marketing campaigns, and careers education. The delivery of the curriculum is complemented by relevant professional learning for staff.'

FINANCIAL POSITION

Financial Results

The Belfast Met Group (the College) generated an operating deficit in the year of £6.5m (2021-22 – deficit of £9.1m), stated after accounting for the disposal of property, plant and equipment.

The College group income for the year was £70.3m, an increase of £0.8m (1%) from 2021-22. This variance is explained by a net increase in DfE funding of £0.5m, Tuition fees of £0.4m, Education contracts of £0.1m and investment income of £0.2m offset by a decrease in Other Grant Income of £0.4m.

The College group expenditure for the year was £76.8m, a decrease of £1.8m (2%) from 2021-22. This variance is explained mainly by a reduction in staff costs of £1m, decreased operating expenditure of £1.6m, a decrease in interest costs of £0.2m and an increase in Depreciation of £1m.

The College has significant reliance on the DfE for its principal funding source, largely from recurrent grants. In 2022-23, DfE provided 60% of the College's total income through allocated recurrent grant (2021-22 60%). This represented 23.3% of the total recurrent grant available to the sector (2021-22 24.5%).

The increase in net assets from 31 July 2022 is primarily the result of a movement in the pension provision of £19m from pension liability to pension asset off set partially by higher creditors' amounts falling due within one year.

The pension surplus on the Statement of Financial Position is measured as the assets held by the Fund less the value of the promised benefits to be paid to members (the defined benefit obligation, or 'liability'). Disclosures under FRS 102 may be volatile from year to year. This is because the liabilities are measured by reference to corporate bond yields whereas the majority of the fund's assets are invested across a variety of asset classes that may not move in the same direction. The main drivers of the movement over the period are a change in the financial assumptions, a change in the demographic assumptions coupled with lower than assumed returns on the Fund assets over the period and an inflationary uplift on the starting position.

Subsidiaries

Belfast Met operates two wholly owned subsidiary companies, Springvale Educational Village Ltd (SEV Ltd) and Belfast Metropolitan College Trust. Both companies are limited by guarantee; Belfast Metropolitan Trust is also a registered charity.

SEV Ltd owns the Community Learning Centre (CLC) on the Springvale site and the land on which it sits. Operations relate to renting out space to organisations on both a long and short-term basis. Tenants and customers include publicly funded and charitable institutions, many of whom provide outreach programmes that support people and help strengthen relations with the wider community. SEV Ltd has achieved a deficit of £32k in the year (2021-22 deficit £24k).

Belfast Metropolitan College Trust was established to secure and manage donations from former students and benefactors; to establish an alumnus; and to develop enhanced opportunities and facilities for College students. The Trust reported a net decrease in funds of £25k in the year (2021-22 decrease of £26k).

Both subsidiary company accounts were audited and received an unqualified audit opinion for the year-end 31 July 2023.

Financial Resources

The consolidated net assets at 31 July 2023 were £89.2m (2021-22 £64.8m). This includes £7.5m pension asset (2021-22 £11.6m liability), and a debtor of £0.4m on PFI prepayments (2021-22 £0.5m). The increase in Net Assets is largely due to a decrease in the pension liability of £19m, offset by an increase in creditors due in less than one year of £2.1m.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, its money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. Belfast Met complies with the Management Statement / Financial Memorandum agreed with the DfE on all cash management processes.

Payment performance

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

During the accounting period 1 August 2022 to 31 July 2023, the college paid 97.3% of its invoices within 30 days (2021-22 97.9%) The college incurred no interest charges in respect of late payment for this period.

The Northern Ireland Executive is committed to paying suppliers as quickly as possible, within 10 working days. During the accounting period 1 August 2022 to 31 July 2023, the college paid 76.7% of its invoices within 10 days (2021-22 78.9%).

Post Statement of Financial Position events

Please refer to Note 23 to the Financial Statements for details on any post Statement of Financial Position events.

Going Concern

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

Disclosure of information to auditors

These accounts are subject to audit by agreement 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.

Charitable and taxation status

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

Charitable/Political Donations

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

Professional Advisers

External Auditors: The Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

Internal Auditors: RSM Northern Ireland (UK) Ltd
Number one,
Lanyon Quay
Belfast, BT1 3LG

Bankers: Danske Bank
Donegall Square West
Belfast, BT1 6 JS

Solicitors: Carson McDowell
Murray House
4 Murray Street
Belfast, BT1 6D



Louise Warde Hunter
Accounting Officer

Date 13 December 2023

Members of the Governing Body

The members who served the governing body during the year were as follows:

Name	Date of Appointment Re-appointment Extension	Term of Office	Status of Appointment	Committees Served	Governing Body Attendance (inc Strat Plan)
F Bryan (Chair)	A 26/10/15 R26/10/19	25/10/19 25/10/23	BIP	None	9/9
K O'Hare (Vice chair)	A 01/08/15 R 01/08/19	31/07/19 31/07/23	BIP	CQE, RES	8/9
C Burns MBE	A 01/08/15 R 01/08/19	31/07/19 31/07/23	BIP	CQE, HR	9/9
K Burns	A 01/08/15 R 01/08/19	31/07/19 31/07/23	BIP	CQE, RES	9/9
K Collins	A 01/08/15 R 01/08/19	31/07/19 31/07/23	BIP	ARAC	9/9
N Brijpaul	A 14/09/21	13/09/25	Staff elected	CQE, RES	7/7
S Dawson	A 01/06/17 R1/06/21	31/05/21 31/05/25	Co-opted	CQE, RES	6/9
J Leaden	A 19/11/20	20/11/24	Staff elected	CQE, RES	6/7
T Campbell	A 06/07/22	31/07/23	Student elected	CQE, RES	6/7
J McCall	A 01/08/15 R 01/08/19	31/07/19 31/07/23	BIP	ARAC, HR	8/9
S Snodden	A 09/12/15 R 14/012/19	8/12/19 13/12/23	BIP	ARAC, HR	8/9
B Wilson	A 01/08/15 R 01/08/19	31/07/19 31/07/23	BIP	CQE, HR	9/9
S McGoran	A 13/01/22	12/01/26	BIP	ARAC, HR	5/9
L McAteer	A 13/01/22	12/01/26	BIP	HR, RES	9/9
Y Murphy	A 13/01/22	12/01/26	BIP	CQE, RES	9/9
B Montgomery	A 05/10/22	04/10/26	BIP	CQE, RES	5/6
M Corkey	A 27/02/23	26/02/27	BIP	CQE, HR	3/3
L Warde Hunter	L Warde Hunter by virtue of office of Principal and Chief Executive is a member of the Governing Body				8/9

¹ BIP stands for Business, Industry and Professional

For and on behalf of the members of the Governing Body



Frank Bryan

Chair of Governing Body

Date 13 December 2023



Remuneration Report

BELFAST METROPOLITAN COLLEGE REMUNERATION REPORT

Remuneration policy

Members of the Governing Body

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

The remuneration of Governing Body members (excluding staff members) was first introduced by the Department from 1 January 2016. There are no arrangements in place for the payment of a bonus. No member of the Governing Body, including the Chairperson, receives pension contribution from the College or the Department.

Belfast Met also reimburses Governing Body members for any incidental expenses incurred for carrying out their duties relevant to the organisation.

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

	2022-23				2021-22			
	Salary & allowance £'000	Benefits in Kind £'000	Pension benefits £'000	Total £'000	Salary & allowance £'000	Benefits in Kind £'000	Pension benefits £'000	Total £'000
Frank Bryan (Chairperson)	20-25	0	0	20-25	20-25	0	0	20-25
Catherine Burns	0-5	0	0	0-5	0-5	0	0	0-5
Kate Burns	0-5	0	0	0-5	0-5	0	0	0-5
Kay Collins	0-5	0	0	0-5	0-5	0	0	0-5
Jim McCall	5-10	0	0	5-10	5-10	0	0	5-10
Kathleen O'Hare	0-5	0	0	0-5	5-10	0	0	5-10
Samuel Snodden	5-10	0	0	5-10	5-10	0	0	5-10
Seamus Dawson	0-5	0	0	0-5	0-5	0	0	0-5
Brian Wilson	0-5	0	0	0-5	0-5	0	0	0-5
Seamus McGoran	0-5	0	0	0-5	0-5	0	0	0-5
Lauren McAteer	5-10	0	0	5-10	0-5	0	0	0-5
Yvonne Murphy	0-5	0	0	0-5	0-5	0	0	0-5
Tai Campbell	0-5	0	0	0-5	0	0	0	0
Bill Montgomery	0-5	0	0	0-5	0	0	0	0
Michele Corkey	0-5	0	0	0-5	0	0	0	0
Tom Hesketh	0-5	0	0	0-5	0	0	0	0

The Principal/Director and Senior College Staff

The Principal/Director and the Senior College Staff appointments are made in accordance with the Belfast Met recruitment policy. The policy requires appointments to be made on merit based on fair and open competition.

The Principal/Director and Senior College Staff hold permanent appointments. Staff may be able to retire before state pension age with no diminution of earned pension benefits, depending on the terms of their pension. The policy relating to notice periods is contained in the Staff Handbook.

Minimum pay levels

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

Progression

There is no incremental progression for Principals/Directors 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, Deputy 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 Deputy Directors. If the college increases in size, a Deputy Director will automatically move to the new relevant salary scale.

Performance pay

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

Total reward package

Senior staff in colleges have access to the Northern Ireland Teachers' Pension Scheme.

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

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

Service contracts

College appointments are made on merit based on fair and open competition. Unless otherwise stated, the officials covered by this report hold appointments, which are open ended. Early

termination, other than for misconduct, would result in the individual being entitled to receive compensation.

Salary and pension entitlements

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

Remuneration (including salary) and pension entitlements [*Executive Directors*] (audited)

Senior Management	2022-23				2021-22			
	Salary £'000	Benefits in kind £'000	Pension benefits £'000	Total £'000	Salary £'000	Benefits in kind £'000	Pension benefits £'000	Total £'000
L Warde Hunter (Principal and Chief executive)	120-125	0	45-50	170-175	120-125	0	35-40	160-165
Damian Duffy (Deputy Chief Executive)	90-95	0	10-15	100-110	90-95	0	35-40	130-135
A Sloane (Chief Operating Officer)	90-95	0	35-40	130-135	70-75 (80-85 Full year equivalent)	0	25-30	95-100
Joy Kettle (Director of Curriculum)	85-90	0	15-20	100-110	10-15 (60-65 Full year equivalent)	0	0-5	10-15
Gillian Magee ¹ (Director of People)	75-80	0	0-5	80-85	85-90	0	20-25	110-115

1. G Magee left 31/05/23

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 increases or decreases due to a transfer of pension rights.

Fair pay Disclosure – Pay Ratios

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration (excluding back-dated pay award) of the highest paid director in the financial year 2022-23 was £120k - £125k (2021-22 £120k-£125k). The relationship between this band and the remuneration of the College's workforce is disclosed below:

2022-23	25 th percentile	Median	75 th percentile
Total remuneration	£25,409	£33,063	£39,028
Ratio	4.82	3.71	3.14

2021-22	25 th percentile	Median	75 th percentile
Total remuneration	£23,484	£32,408	£39,028
Ratio	5.25	3.81	3.16

Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The 25th percentile, median and 75th percentile remuneration values consist only of salary payments.

Remuneration ranged from £20k - £25k to £120k - £125k (2021-22 £20k-£25k to £120-£125k).

Fair Pay Disclosure – Percentage Change in Remuneration

Reporting bodies are required to disclose the percentage change from the previous financial year in the: (i) salary and allowances, (ii) performance pay and bonuses, of the highest paid director and of the employees as a whole.

The percentage changes in respect of Belfast Metropolitan College are shown in the following table. It should be noted that the calculation for the highest paid director is based on the mid-point of the band in which their remuneration fell each year. The increase in the pay ratio is due to an increase in the remuneration of the College's employees as a whole due to pay awards applied and accrued for.

Percentage Change for:	2022-23 compared to 2021-22
Average employee salary and allowances	7.27%
Highest paid director's salary and allowances	0%

There is no performance related pay for the highest paid Director or any other employee.

The following pay awards were applied in 2022-23:

- Further Education Non-Teaching Staff Negotiating Committee (Non-Teaching Contract of Employment)
 - In December 2022, £1,925 non-consolidated increase in each salary point (including incremental increases) from 1 April 2022.

All awards applied in 2022-23 were largely accrued in the previous financial year.

The College has accrued the following pay awards in 2022-23:

- Further Education Lecturers' Negotiating Committee (Lecturer's Contract of Employment)
 - 2.00% increase in salary rates (including allowances i.e., Threshold, Dean, Responsibility and Re-organisation) from 1 September 2021.
- Further Education Non-Teaching Staff Negotiating Committee (Non-Teaching Contract of Employment)
 - 6% increase in salary rates (including incremental increases) from 1 April 2023
- Further Education Directors' Negotiating Committee (Principals & Deputy Directors)
 - 1.00% increase in salary rates (including incremental increases) from 1 September 2021 and from 1 September 2022.

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.

Pension entitlements (audited)

Senior Management	Accrued pension at pension age as at 31/7/23 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/7/23	CETV at 31/7/22	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
L Warde Hunter (Principal and Chief Executive)	5-10 plus lump sum of 0	0-5 plus lump sum of 0	155-160	80 - 85	45-50
Damian Duffy (Deputy Chief Executive)	15-20 plus lump sum of 0	0-5 plus lump sum of 0	330-335	270-275	55-60
A Sloan (Chief Operating Officer)	10-15 plus lump sum of 0-5	0-5 plus lump sum of 0	155-160	90-95	45-50
Joy Kettle (Director of Curriculum)	10-15 plus lump sum of 30-35	0-5 plus lump sum of 0-5	320-325	270-275	50-55
Gillian Magee (Director of People)	30-35 plus lump sum of 15-20	0-5 plus lump sum of -5 to 0	485-490	370-375	75-80

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).

NILGOSC is a funded defined benefit scheme. Benefits earned up to 31 March 2015 are linked to final salary. Benefits earned after 31 March 2015 are based on a Career Average Revalued Earnings Scheme.

From 1 April 2015, a member builds up retirement pension at the rate of 1/49th pensionable pay for each year. Pension benefits in relation to membership between 1 April 2009 and 31 March 2015 were built up at the rate of 1/60th pensionable pay for each year of membership. There is no automatic lump sum provided in respect of membership after 31 March 2009. Pension benefits in relation to any membership before 1 April 2009 were build up at the rate of 1/80th (pension) and 3/80ths (tax free lump sum) of pensionable pay for each year of membership up to 31 March 2009. At retirement, members may give up some pension for additional lump sum, subject to HM Revenue and Customs (HMRC) limits. The Scheme is funded by contributions made by both employees and employers. See detail of contributions at www.nilgosc.org.uk.

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

NITPS is a funded defined benefit scheme. The NI Teachers' Pension Scheme design changed from 1 April 2015. Existing scheme members who satisfied certain criteria remained in the existing final salary arrangements, whilst others started to have their benefits calculated using a combination of career average and final salary arrangements. A new entrant who joins the NITPS from 1 April 2015 will have their benefits calculated totally on a Career Average Revalued Earnings (CARE) basis. Benefits accrued prior to 1 April 2015 will be protected and remain in final salary arrangements. CARE schemes accumulate pension based on a fraction of pensionable earnings each year – for NITPS this is 1/57th. The Scheme is funded by contributions made by both employees and employers. See detail of contributions at www.education-ni.gov.uk.

Contributions to the NITPS are calculated to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of **quinquennial** valuations using a prospective/benefit method. The NITPS is a multi-employer scheme and Belfast Met 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.

To comply with auto-enrolment legislation, Belfast Met joined the National Employment Savings Trust (NEST). Where an employee has previously opted out of NILGOSC or NITPS, the College still has a duty to enrol them in a qualifying pension scheme (provided they meet certain earnings criteria). NEST was

set up by Government to assist with this requirement. The College contributions to NEST are on a defined contribution basis at 3%.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NILGOSC pension arrangements and for which the Fund has received a transfer payment commensurate with the additional pension liabilities being assumed. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

BELFAST METROPOLITAN COLLEGE STAFF REPORT

Staff Costs

Staff Costs are disclosed in Note 7 to the Financial Statements.

Average number of persons employed

The average number of full-time equivalent persons employed during the year was as follows (excluding Governors):

	2023 Group No.	2023 College No.	2022 Group No.	2022 College No.
Governing body	0	0	0	0
Teaching	362	362	389	389
Support	182	182	156	156
Administration	263	263	255	255
Premises	32	32	40	40
Total	839	839	840	840

Attendance Management

In the year August 2022 to 31st July 2023, the overall sickness absence rate was 4.65% (2021-22 3.3%)

Staff Composition

The table below provides a breakdown of the number of persons employed and paid by the College as at 31st July, by gender.

	2023 Group No.	2023 College No.	2022 Group No.	2022 College No.
Male	429	429	425	425
Female	579	579	610	610
Total	1,008	1,008	1,035	1,035

Staff Turnover

Staff turnover for the period 1 August 2023 to 31st July 2023 was 10%.

Off Payroll Engagements

The College had no off-payroll engagements in 2022-23.

Staff Development

The College through its Centre for Excellence Department is committed to providing learning and development for all staff which contributes to high standards of work performance, enables the sharing of ideas and the dissemination of good practice, builds strong and effective teams, encourages professional development and results in continuous improvement in the quality of services to our students and stakeholders.

Training is delivered using a variety of learning delivery channels including both on-line and in person. All employees must undertake specific mandatory training on an annual basis, in 2022-23 this was completed during the 2022-23 two-day welcome back event and included modules on:

- Equality, Diversity and Inclusion
- IT Security Awareness
- Safeguarding, Care and Welfare
- Health and Safety
- Financial Management

Throughout the year, all staff have the opportunity to partake in a variety of continuous professional development (CPD), including:

- Staff Induction
- Wellbeing and Leadership programmes
- Hybrid Teaching and Learning
- Project based Learning
- Remote Working
- Core skills, for example managing conflict and challenging Behaviour, Microsoft Office etc.

The development programmes are also further supported by College staff being able to apply for funded support for self managed CPD, tailored to their specific development needs.

Equal opportunities and employment of disabled persons

When carrying out all its functions, powers and duties, Belfast Met has due regard to the need to promote equality of opportunity as set out in Section 75 of the Northern Ireland Act 1998:

- 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 is committed to 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 will allocate 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 recognises its responsibility to provide a positive and inspiring experience in terms of equality of opportunity.

The College continues to raise awareness about its legal obligations to promote equality of opportunity and good relations and embed this in the curriculum. We seek to build social inclusion and opportunity through widening economic participation. We work with local communities in creating capacity, developing knowledge and skills, raising self-esteem and providing pathways into further training or employment. Belfast Met is involved in a huge array of activities that promote social inclusion, through delivery of core programmes to those from more disadvantaged backgrounds, activities related to college community outreach, the provision of an inclusive curriculum, and the extension of student support initiatives.

Disability Statement

Belfast Met celebrates the diversity of its students and staff and works hard to ensure an environment where everyone is treated with dignity and respect. The following sections provide an overview on how the College strives to deliver equality, diversity and inclusion in its service delivery and employment.

Under the Disability Discrimination Act (DDA) 1995, Belfast Met, as a public authority, has a responsibility, when carrying out its functions, to have due regard to the need to promote positive attitudes towards people with a disability and encourage the participation of people with a disability in public life.

Under an amendment to the Disability Discrimination Act, Belfast Met is required to have a [Disability Action Plan](#) to promote positive attitudes towards people with a disability. This plan relates to all people with a disability who are exposed to our services including employees, customers, clients and service users as well as students. The College also adheres to its obligations under the Special Education Needs and Disability Order 2005 (SEND0).

The College submits a review of its process in relation to the relevant equality legislation to the Equality Commission by August 31 each year. This review and other information regarding our approach to equality and diversity is available at [Equality and Diversity - About Us - Belfast Met](#)



Governing Body

BELFAST METROPOLITAN COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE ACCOUNTING OFFICER AND
GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2023

Under the Further Education (NI) Order 1997, DfE (with approval from Department of Finance(DoF)), has directed the Governing Body to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Belfast Metropolitan College and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the financial statements the Accounting Officer on behalf of the Governing Body is required to:

- observe the Accounts Direction issued by DfE with the approval of DoF, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

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

The 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.

In addition, the Governing Body is responsible for securing the efficient and effective management of the College and ensuring that the College provides suitable and efficient further education.

The Accounting Officer of DfE has designated the Principal/Chief Executive as the Accounting Officer of the College. The responsibilities as an Accounting Officer, including responsibility for the propriety

and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the College's assets, are set out in Managing Public Money Northern Ireland (MPMNI) published by DoF.

The Accounting Officer, on behalf of the Governing Body, has taken all the steps ought to have taken to make themselves aware of any relevant audit information and to establish that Belfast Metropolitan College's auditors are aware of that information. So far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2023

Introduction

This is the Governance Statement for Belfast Met, which sets out the governance structures, risk management and internal control procedures that operated within the College during the 2022-23 financial year and up to the date of approval of the Annual Report and Accounts. This Governance Statement has been prepared in accordance with guidance issued by the Department of Finance (DoF) and is aimed at supporting better governance and driving more consistent, coherent and transparent reporting.

Summary of the College's Structure of Corporate Governance

Governing Body

The Governing Body is established in accordance with the Further Education (Northern Ireland) Order 1997 which provides the statutory basis for further education in Northern Ireland. The Governing Body is subject to an Instrument and Articles of Government, the Management Statement/Financial Memorandum, the Audit Code and other regulatory requirements. In terms of governance, all other documents are subordinate to the Order and subject to its provisions.

The College's Governing Body is comprised of members appointed by the Minister for the Department for the Economy, staff and students of the College, the Principal & Chief Executive and people co-opted by the Governing Body. The role of the Chairman of the Governing Body is separate from the role of the College Principal & Chief Executive. The Governing Body is responsible for the on-going strategic direction of the College whilst the Executive Officers are responsible for the operational management of the College. The Governing Body approves all major developments and receives regular reports on the activities of the College. The Governing Body met seven times during the 2022-23 academic year.

Four permanent committees support the Governing Body, Audit and Risk Assurance Committee (ARAC), Resources Committee (RES), Human Resources Committee (HR) and the Curriculum, Quality and Engagement Committee (CQE). A member of the Governing Body chairs each of the Committees. The Governing Body also has governors sitting on the Board of Belfast Metropolitan College Trust as Chairperson and Trustees and the Board of Springvale Educational Village Ltd as Directors. The Trust and Springvale Education Village are both separate legal entities and wholly owned companies of the college. As the need arises the Governing Body also makes use of specific project boards and personnel panels. Each permanent Committee has its own terms of reference and business cycle.

Information presented to the Governing Body is normally prepared by the appropriate business area and reviewed by the Executive team, and in the case of governance issues prepared by the Clerk to the Governing Body and reviewed by the Chairperson. The College aims to have all papers issued a week in advance of any Board meeting to allow members to review and, where appropriate, to raise questions in advance. The relevant business area may then either be asked to attend the meeting or

to provide more detail in advance of the meeting to support discussions. This ensures a high quality of reliable and up to date information is presented. The Governing Body is content with the quality and reliability of the information presented in 2022-23.

Compliance with the Corporate Governance code

During 2022-23, the College complied with the principles and supporting provisions set out in the Corporate Governance Code.

Governing Body performance and effectiveness

During the year, the Board continued to commit to improving board performance and effectiveness by:

- Attending a range of internal and external training events, workshops and strategic planning days; and
- Regularly evaluating the effectiveness of the meetings of the Governing Body and its Committee.
- Undertaking a Governing Body self-assessment

All board members are given induction and ongoing training provided by both DfE and the College, the former focuses on issues including accountability, corporate governance, and the challenge function while the latter focuses on College specific matters including the structure, vision, values and objectives of the organisation, and college strategies including those relating to the curriculum, estates, IT, stakeholder engagement and HR.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) operates as an advisory body to the Governing Body and the Accounting Officer. The ARAC is responsible for reviewing the effectiveness of the College accounting procedures and systems of internal control. It also must satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness. The ARAC met four times during the 2022-23 year to discuss reports from the External and Internal Auditors and the relevant management responses. It reviewed the annual financial statements to ensure compliance with legislation and accounting standards.

The key issues discussed during the 2022-23 year were as follows:

- Internal Audit planning;
- Internal Audit reports including reviews as detailed below;
- NIAO matters including NIAO strategy and audit planning, Report To Those Charged with Governance (RTTCWG), and year end accounts;
- Risk management and opportunity;
- Follow up on outstanding recommendations from all sources;
- Compliance issues such as Direct Award contracts, Fraud, losses, and special payments, Whistleblowing notifications, Gifts and Hospitality notifications;

- DoF and DfE and other third-party correspondence including updated Audit Code, Health Checks, circulars and DAO letters;
- Stewardship Statement; and
- ARAC effectiveness evaluation.

The Internal Audit Annual report 2022-23 published in September 2023 resulted in the College achieving an overall rating of a ‘Satisfactory’ assurance. “Satisfactory” is the highest level of audit opinion as defined in Accounting Officer letter DAO (DoF) 07/16.

Summary of internal audit reviews completed in 2022-2023	
Report	Status
Human Resources Focussed Review - Pre-Employment Vetting Process	Satisfactory
Apprenticeships	Satisfactory
Student Engagement	Satisfactory
Key Financial Controls	Satisfactory
Marketing and Employability arrangements	Satisfactory
Business Continuity Planning and Disaster Recovery	Satisfactory

In addition to governors, auditors and DfE representatives, senior officers, namely the Chief Executive, the Chief Operating Officer, the Head of Finance, the Director of People and the Head of Corporate Development were in attendance.

Following each ARAC meeting the Chairperson of the Committee gives an oral update on audit and risk matters to the full Governing Body as well as circulating the draft minutes of the meeting. The Governing Body also take assurance from the annual report provided by the ARAC, and the Chairs’ committee also receives reports from the Chairperson of the ARAC Committee.

Resources Committee

The Resources Committee inter alia supervises all matters relating to the finance and accounts of the College and the receipt of its income and the expenditure. It also supervises matters relating to Estates and IT. It is the duty of this Committee to present a report to each meeting of the Governing Body.

Information presented to the Resources Committee is drafted by the appropriate department and discussed by the Executive Team before being presented as formal papers to Resources.

The Resource Committee met four times during 2022-23, key issues discussed during the year were as follows:

- College Annual Accounts;
- Review of analysis on college income;
- Estates Update;
- IT Update;
- Financial Performance; and
- Budget Setting for the year ahead.

The Resources Committee presents a report to each meeting of the Governing Body.

Human Resources Committee

This Committee is responsible for dealing with issues in relation to the recruitment, appointment, promotion and grading of all staff, other than senior staff.

The HR Committee met four times during 2022-23, key issues discussed during the year were as follows:

- Staffing issues;
- Sickness absence statistics;
- Grievance and Disciplinary matters;
- Restructuring proposals;
- Recruitment and retention of staff;
- HR planning priorities; and
- Appraisal process.

The HR Committee presents a report to each meeting of the Governing Body.

Curriculum, Quality and Engagement Committee

This 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 CQE Committee met five times during 2022-23, key issues discussed during the year were as follows:

- College Development Plan;
- Whole College Self-Evaluation Report and Quality Improvement Plan;
- Delivery of Training and APPSNI;
- Student recruitment and retention;
- Curriculum KPI's ;
- ETI Reports;
- DfE Health Check; and
- Curriculum Plans.

The CQE Committee presents a report to each meeting of the Governing Body.

Attendance at Governing Body

Attendance* during the year at the Governing Body and the permanent committees was as follows:

Name	Governing Body	ARAC	CQE Committee	HR Committee	RES Committee
F Bryan (Chair)	9/9		2/2		
K O'Hare (Vice- Chair)	8/9		4/5		4/4
C Burns MBE	9/9		5/5	4/4	
K Burns	9/9		5/5		4/4
K Collins	9/9	3/4			
N Brijpaul	7/7		5/5		3/4
S Dawson	6/9		3/5		4/4
J Leaden	6/7		5/5		4/4
T Campbell	6/7		3/5		2/4
J McCall	8/9	2/4	1/1	4/4	
S Snodden	8/9	4/4	1/1	4/4	
B Wilson	9/9		5/5	4/4	
S McGoran	5/9	4/4		3/4	1/1
L McAteer	9/9		1/1	4/4	4/4
Y Murphy	9/9		4/5		4/4
B Montgomery	5/6		3/4		2/2
M Corkey	3/3		2/2	1/1	
L Warde Hunter	8/9	4/4	5/5	4/4	3/4

* Other attendees included Tier 2, 3 and 4 officers where significant items pertaining to their business area was discussed. All meetings were quorate.

The College's Management Structure

The College's management structure is based on principles of good organisational design and College need. There is an established structure comprising Directorates which, during 2022-23, were led by the Deputy Chief Executive, the Chief Operating Officer, the Director of Curriculum and the Director of People, all reporting to the Principal and Chief Executive. This structure enables a compact Executive Leadership Team to exercise strategic and operational oversight on the College with clear lines of accountability.

Internal Control Processes

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify the risks to the achievement of College policies, aims and

objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 July 2023 and up to the date of approval of the annual report and accords with DoF guidance. I have fully embedded the processes which the DfE has agreed should be established and confirmed their robustness.

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

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

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

The College receives periodic reports concerning internal control, and steps are taken to manage risks in significant areas of responsibility and monitor progress on key projects. No priority one recommendations were made by audit during the year ended 31 July 2023, and all recommendations made were accepted and have been actioned or are in the process of being actioned.

Personal data related incidents

Our Data Breach register shows that 30 actual or potential data breaches occurred within the College between 1 August 2022 and 31 July 2023: 25 were confirmed as data breaches, of which 4 were reported to the Information Commissioner's Office (ICO) as a precautionary measure until an investigation was undertaken. The investigations concluded that staff should be reminded of their GDPR responsibilities and the College review processes to limit potential data security risks.

Risk Management

The College has in place a comprehensive Corporate Risk Register and a series of operational risk registers, all of which are monitored and managed by Governing Body, Audit & Risk Assurance Committee and senior management on a quarterly basis. Our Corporate Risk Register records details of all the risks that may prevent the College from achieving the aims and objectives set out in the Strategic Plan as well as:

- A description of each risk and their causes and effects;
- An assessed risk score based upon the probability and impact of the risk (inherent risk);

- Name of the individual who has overall responsibility for managing a particular risk;
- Actions and controls that currently exist to mitigate risks;
- Direction of travel since previous quarter; and
- Current risk status (residual risk).

While the Corporate Risk Register is updated at least quarterly, it is entirely refreshed on an annual basis. As part of the commitment to provide digital services by design, during 2022-23, the College implemented an integrated risk and performance management software solution which draws together the strategic plan, underpinning plans and risk management processes together by providing accessible, quality performance management information.

As at 31 July 2023, risks which have been classified as of significant concern (i.e., residual risk remains high despite mitigation measures) are: -

- College suffers major cyber incident (e.g. Ransomware).
- Failure to ensure a sustainable and viable college that is aligned to the objectives of the Strategic Plan with capacity to respond to educational transformation.
- Failure to deliver a quality learner experience leading to drop in retention, achievement and success.
- Failure to ensure legislative and regulatory compliance (health and safety).
- Failure to attract, recruit and retain suitably qualified staff.

RSM Auditors undertook an audit of the risk management function in 2021 and found that the College had a satisfactory system of governance, risk management and control.

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



Louise Warde Hunter

13 December 2023

Accounting Officer



Financial Statements

BELFAST METROPOLITAN COLLEGE

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

Opinion on financial statements

I certify that I have audited the financial statements of the Belfast Metropolitan College and its group for the year ended 31 July 2023 under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. The financial statements comprise Group and Parent Statements of: Comprehensive Income and Expenditure, Changes in Reserves, Financial Position, Cash Flows and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

I have also audited the information in the Remuneration Report and Staff report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the group's and of Belfast Metropolitan College's affairs as at 31 July 2023 and of its deficit for the year then ended;
- have been prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for the Economy directions issued thereunder.

Opinion on regularity

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

Basis for opinions

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Belfast Metropolitan College's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Belfast Metropolitan College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for Belfast Metropolitan College is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Accounting Officer and Governing Body with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements, the parts of the Remuneration Report and Staff report described in that report as having been audited and my audit certificate and report thereon. The Accounting Officer and Governing Body are responsible for the other information reported in the annual report. My opinion on financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

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

Opinion on other matters

In the light of the knowledge and understanding of Belfast Metropolitan College and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report, Remuneration Report and Staff report, Statement of the Responsibilities of the Accounting Officer and the Governing Body and Statement of Corporate Governance and Internal Control.

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

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with Department for the Economy directions made under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008; and
- the information given in the Strategic Report, Remuneration and Staff Report, Statement of the Responsibilities of the Accounting Officer and the Governing Body and Statement of Corporate Governance and Internal Control for the financial year for which the financial statements are prepared are 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 parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement of Corporate Governance and Internal Control does not reflect compliance with the Department of Finance's guidance.

Responsibilities of the Accounting Officer and Governing Body

As explained more fully in the Statement of Responsibilities of the Accounting Officer and Governing Body, the Accounting Officer and Governing Body are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;

- ensuring the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with the applicable financial reporting framework;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing Belfast Metropolitan College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Belfast Metropolitan College will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to Belfast Metropolitan College through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008;
- making enquires of management and those charged with governance on Belfast Metropolitan College's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Belfast Metropolitan College's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;

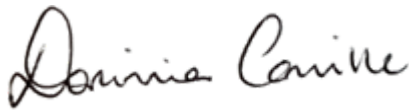
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business;
- applying tailored risk factors to datasets of financial transactions and related records to identify potential anomalies and irregularities for detailed audit testing.

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

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

Report

I have no observations to make on these financial statements.



Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU
21 December 2023

**BELFAST METROPOLITAN
COLLEGE**
CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 JULY 2023

	Notes	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
INCOME					
Department for the Economy income	1	58,412	58,406	57,893	57,893
Education contracts	2	730	730	611	611
Tuition fees and charges	3	8,465	8,465	8,083	8,083
Other grant income	4	1,354	1,354	1,761	1,761
Other operating income	5	1,172	795	1,121	794
Investment income	6	187	187	0	0
Total income		70,320	69,937	69,469	69,142
EXPENDITURE					
Staff costs	7	45,510	45,432	46,510	46,384
Other operating expenses	9	24,993	24,650	26,591	26,363
Depreciation and amortisation	12&13	5,902	5,882	4,851	4,830
Interest and other finance costs	10	432	432	646	646
Holiday pay provision	26	0	0	0	0
Total expenditure		76,837	76,396	78,598	78,223
Surplus/(deficit) before other gains/losses		(6,517)	(6,459)	(9,129)	(9,081)
Gain/(loss) on disposal of assets		0	0	0	0
(Loss)/gain on investments		0	0	0	0
Surplus/(deficit) before tax		(6,517)	(6,459)	(9,129)	(9,081)
Taxation		0	0	0	0
Surplus/(deficit) for the year		(6,517)	(6,459)	(9,129)	(9,081)
Other Comprehensive Income					
Unrealised surplus on revaluation of land and buildings		10,184	10,184	9,321	9,321
Actuarial (loss)/gain in respect of pension scheme		20,702	20,702	29,635	29,635
Change in fair value of endowments		0	0	0	0
Total comprehensive income for the year		24,369	24,427	29,827	29,875
Represented by:					
Endowment comprehensive income for the year		0	0	0	0
Restricted comprehensive income for the year		0	0	0	0
Unrestricted comprehensive income for the year		24,369	24,427	29,827	29,875

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.

BELFAST METROPOLITAN COLLEGE
CONSOLIDATED STATEMENT OF CHANGES IN
RESERVES
FOR THE YEAR ENDED 31 JULY 2023

2022-23

GROUP	Income and expenditure account				Revaluation reserve	Total excluding Non-Controlling Interest	Non-controlling interest	Total
	Endowment	Restricted	Pension Reserve	Unrestricted (restated)*				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2021	177	0	(35,433)	(6,855)	77,128	0	0	35,017
Surplus/(deficit) from income and expenditure statement	0	0	0	(9,129)	0	0	0	(9,129)
Other comprehensive income	0	0	23,848	5,787	9,321	0	0	38,956
Transfers between revaluation and income and expenditure	0	0	0	0	0	0	0	0
Transfer due to endowment asset investment	(26)	0	0	26	0	0	0	0
Balance at 1 August 2022	151	0	(11,585)	(10,171)	86,449	0	0	64,844
Surplus/(deficit) from income and expenditure statement	0	0	0	(6,517)	0	0	0	(6,517)
Other comprehensive income	0	0	19,082	1,620	10,184	0	0	30,886
Transfers between revaluation and income and expenditure	0	0	0	0	0	0	0	0
Transfer due to endowment asset investment	(25)	0	0	25	0	0	0	0
Total comprehensive income for the year	(25)	0	19,082	(4,872)	10,184	0	0	24,369
Balance at 31 July 2023	126	0	7,497	(15,043)	96,633	0	0	89,213

* The Unrestricted reserve has been restated to separately highlight the pension reserve element

BELFAST METROPOLITAN COLLEGE
COLLEGE STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 JULY 2023

2022-23

COLLEGE	Income and expenditure account				Revaluation reserve £'000	Total excluding Non-Controlling Interest £'000	Non-controlling interest £'000	Total £'000
	Endowment £'000	Restricted £'000	Pension Reserve £'000	Unrestricted (restated)* £'000				
Balance at 1 August 2021	0	0	(35,433)	(7,367)	75,639	0	0	32,839
Surplus/(deficit) from income and expenditure statement	0	0	0	(9,081)	0	0	0	(9,081)
Other comprehensive income	0	0	23,848	5,787	9,321	0	0	38,956
Transfers between revaluation and income and expenditure account	0	0	0	0	0	0	0	0
Release of restricted funds spent in year	0	0	0	0	0	0	0	0
Balance at 1 August 2022	0	0	(11,585)	(10,661)	84,960	0	0	62,714
Surplus/(deficit) from income and expenditure statement	0	0	0	(6,459)	0	0	0	(6,459)
Other comprehensive income	0	0	19,082	1,620	10,184	0	0	30,886
Transfers between revaluation and income and expenditure account	0	0	0	0	0	0	0	0
Release of restricted funds spent in year	0	0	0	0	0	0	0	0
Total comprehensive income for the year	0	0	19,082	(4,839)	10,184	0	0	24,427
Balance at 31 July 2023	0	0	7,497	(15,500)	95,144	0	0	87,141

*The Unrestricted reserve has been restated to separately highlight the pension reserve element

BELFAST METROPOLITAN COLLEGE
STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2023

	Notes	Group 2023 £'000	College 2023 £'000	Group 2022 Restated * £'000	College 2022 Restated * £'000
Non-Current Assets					
Property, Plant and Equipment	12	145,578	143,055	139,362	136,907
Intangible assets	13	251	251	328	328
Endowment assets	20	126	0	151	0
Pension asset	22	7,497	7,497	0	0
		153,452	150,803	139,841	137,235
Current assets					
Trade and other receivables	17	3,148	3,366	4,308	4,403
Cash and cash equivalents	21	6,943	6,909	6,776	6,770
Total current assets		10,091	10,275	11,084	11,173
Less: Creditors – amounts falling due within one year	18	26,409	26,372	24,256	24,240
Net current (liabilities)/ assets		(16,318)	(16,097)	(13,172)	(13,067)
Total assets less current liabilities		137,134	134,706	126,669	124,168
Less: Creditors – amounts falling due after more than one year	19	47,610	47,254	49,929	49,558
Provisions:					
Pension provision	22	0	0	11,585	11,585
Other provisions	26	311	311	311	311
Net assets including pension liability		89,213	87,141	64,844	62,714
Restricted Reserves					
Income and expenditure account – restricted reserve		0	0	0	0
Unrestricted Reserves					
Income and expenditure – unrestricted reserves		(15,043)	(15,500)	(10,171)	(10,661)
Income and expenditure – pension reserves		7,497	7,497	(11,585)	(11,585)
Endowment reserves	20	126	0	151	0
Revaluation reserve		96,633	95,144	86,449	84,960
Total reserves		89,213	87,141	64,844	62,714
Total		89,213	87,141	64,844	62,714

*The Unrestricted reserve has been restated to separately highlight the pension reserve element

The financial statements on pages 45 to 81 were approved by the Governing Body of Belfast Metropolitan College on 13 December 23 and were signed on its behalf on that date by:



Frank Bryan
Chair of governing body
Belfast Metropolitan College



Louise Warde Hunter
Accounting Officer
Belfast Metropolitan College

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

**BELFAST METROPOLITAN COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2023**

	Notes	2023 £'000	2022 £'000
Cash inflow/(outflow) from operating activities			
Deficit for the year		(6,517)	(9,129)
Adjustment for non-cash items			
Depreciation	12 & 13	5,902	4,851
Deferred capital grant released to income	1	(2,243)	(2,155)
Decrease/(increase) in receivables	17	1,160	265
Increase/(decrease) in creditors	18 & 19	2,485	2,300
Increase/(decrease) in pension provision	22	1,620	5,787
Increase/(decrease) in other provisions		0	0
Adjustment for investing or financing activities		0	0
Investment income		(187)	0
Profit on sale of property, plant and equipment		0	0
Net cash inflow from operating activities		2,220	1,919
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		0	0
Proceeds from sales of intangible assets		0	0
Deferred capital grants received		1,605	1,800
Investment income	6	187	0
Payments made to acquire property, plant and equipment		(1,205)	(2,117)
Payments made to acquire intangible assets		0	0
New non-current asset investments		0	0
Movement in endowment reserve	20	25	26
Net cash (outflow)/inflow from investing activities		612	(291)
Cash inflows from financing activities			
Capital and interest elements of PFI lease rental payments		(2,665)	(2,252)
Interest paid		0	0
Net cash (outflow) from financing activities		(2,665)	(2,252)
Increase/(Decrease) in cash and cash equivalents in the year			
Net funds at 1 August		6,776	7,400
Net funds at 31 July		6,943	6,776

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.

BELFAST METROPOLITAN COLLEGE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION
TECHNIQUES
FOR THE YEAR ENDED 31 JULY 2023

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 2019 and in accordance with Financial Reporting Standards (FRS 102). The college [and group] is a public benefit entity and has therefore applied the relevant public benefit entity requirements of FRS 102.

The financial statements are prepared in accordance with the historical cost convention except that certain freehold properties are shown at their revalued amounts.

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

Basis of accounting

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

Going concern

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

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

Basis of consolidation

The consolidated financial statements include the college and its subsidiaries, Springvale Educational Village Limited (SEV Ltd) and Belfast Metropolitan College Trust. Intra-group balances are eliminated on consolidation. All financial statements are made up to 31 July 2023.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (continued)

Recognition of Income

Government Grants [accruals model]

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

Tuition Fees

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

Non-government Grants

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

Interest

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

Capital Grants (non land grants) [accruals model]

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

Other Capital Grants

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

Donations and Endowments

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

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (continued)

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.

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

NILGOSC is a defined benefit scheme. 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 scheme 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 scheme after making allowances for future withdrawals.

The difference between the fair value of the assets held in the college's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the college's Statement of Financial Position 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 Consolidated Statement of Comprehensive Income and Expenditure.

To comply with auto enrolment legislation, Belfast Met has also joined the National Employment Savings Trust (NEST). Contributions by the College are made on a defined contribution basis.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (continued)

Property, Plant and Equipment

- **Land and buildings**

Land and buildings are stated in the Statement of Financial Position at valuation on the basis of depreciated replacement cost (including irrecoverable 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 Statement of Financial Position at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the college of 50 years. Where land and buildings are acquired with the aid of specific grants, these are accounted for in accordance with the revenue recognition policies above. Valuations are obtained on a regular basis, with a full professional valuation being undertaken by Land and Property Services (LPS) every five years, with revaluation using indices provided by LPS in intervening years and an interim valuation being carried out after 3 years. Revaluation is based on indices provided by LPS as at 31 July 2023.

- **Assets under construction**

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2023. They are not depreciated until they are brought into use.

- **Assets other than land and buildings**

Assets other than land and buildings costing less than £3,000 per individual item are written off to the income and expenditure account in the period of acquisition. 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	- five years straight line

Private Finance Initiative

Where it is concluded that the college has an asset of the property and therefore a liability to pay for it, these are recorded on the Statement of Financial Position. The initial amount recorded for each is the fair value of the property or if lower, the present value of the minimum lease payments determined at the inception of the lease. Subsequently, the asset is depreciated over its useful economic life.

Payments are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (continued)

Leased Assets

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

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

Intangible Assets

Intangible assets, greater than £3,000 per individual item, are capitalised at cost. Software integral to an item of hardware is dealt with as property, plant and equipment.

Amortisation is charged on a systematic basis over the useful economic life of the intangible asset. The useful economic life is limited to the period of any contractual or legal rights (including any renewal periods where the cost of renewal is not significant). Where the intangible asset has perpetual rights, the asset is amortised over the estimated useful economic life. The following amortisation rates were used in the year ended 31 July 2023:

Learner Management system - Contractual license period – 66 months from May 21

Foreign currency translation

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

Taxation

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

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

Liquid resources

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

Provisions

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

Financial Instruments

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the instruments. Financial liabilities are classified according to the substance of the contractual arrangements being entered into. The College's financial assets and liabilities all meet the criteria for basic financial instruments, prescribed within FRS 102 Section 11.8

Agency arrangements

The college acts as an agent in the collection and payment of Support Funds and Care to Learn payments. Related payments received from DfE and subsequent disbursements to students are excluded from the Consolidated Statement of Comprehensive Income and Expenditure and are shown separately in Note 28.

NOTES TO THE FINANCIAL STATEMENTS

1. DEPARTMENT FOR THE ECONOMY INCOME

	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Grant In Aid Received from DfE				
Recurrent grant	41,894	41,894	41,882	41,882
Release of deferred capital grants	2,243	2,237	2,155	2,155
Additional Support funds	694	694	656	656
Students with Learning Difficulties and/or Disabilities (SLDD)	508	508	508	508
Innovation Fund	329	329	303	303
Private Finance Initiative (PFI)/ Public Private Partnership (PPP)	6,718	6,718	6,641	6,641
Skills Focus	0	0	0	0
Other	1,369	1,369	1,689	1,689
Grant In Aid Items	<u>53,755</u>	<u>53,749</u>	<u>53,834</u>	<u>53,834</u>
Non-Grant in Aid received from DfE				
Education Maintenance Allowance administration	18	18	17	17
Assured Skills	903	903	1,061	1,061
Youth Training	1,028	1,028	1,073	1,073
Higher Level Apprenticeships	698	698	693	693
Level 3 Apprenticeships	2,010	2,010	1,215	1,215
Other	0	0	0	0
Non-grant in aid items	<u>4,657</u>	<u>4,657</u>	<u>4,059</u>	<u>4,059</u>
Total DfE income	<u>58,412</u>	<u>58,406</u>	<u>57,893</u>	<u>57,893</u>

The college is the lead partner in a consortium to deliver Innovation fund in Northern Ireland. The income shown above includes that earned by the college in its capacity both as provider and as the consortium lead. All other income claimed from the Innovation fund in Northern Ireland and payable to consortium partners has been excluded from these accounts. Total income claimed in the year under this arrangement was as follows:

	2023	2022
	£'000	£'000
Innovation Fund	<u>329</u>	<u>303</u>
Net income	<u>329</u>	<u>303</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)**2. EDUCATION CONTRACTS**

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Entitlement Framework	157	157	168	168
Training for Success	573	573	443	443
Total	730	730	611	611

3. TUITION FEES AND CHARGES

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Higher Education (HE) income	3,292	3,292	3,305	3,305
Home and other European Union	5,147	5,147	4,771	4,771
Non-European Union	26	26	7	7
Total	8,465	8,465	8,083	8,083

Tuition fees funded by bursaries

Included within the above amounts are amounts which fund bursaries of £64,177 (2022: £37,573).

4. OTHER GRANT INCOME

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
European funds	1,158	1,158	1,602	1,602
Other funds	196	196	159	159
Total	1,354	1,354	1,761	1,761

5. OTHER OPERATING INCOME

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Catering and residence operations	89	89	45	45
Other income generating activities	586	332	522	522
Other income	497	374	554	227
Total	1,172	795	1,121	794

6. INVESTMENT INCOME

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Other investment income	0	0	0	0
Other interest receivable	187	187	0	0
Total	187	187	0	0

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. STAFF COSTS

All staff are employed by the College and where applicable costs are recharged to the subsidiary companies. The average number of persons (including senior post-holders) employed by the college during the year, expressed as full-time equivalents was:

	2023 Group No.	2023 College No.	2022 Group No.	2022 College No.
Governing body	0	0	0	0
Teaching	362	362	389	389
Support	182	182	156	156
Administration	263	263	255	255
Premises	32	32	40	40
Total	839	839	840	840

Staff costs for the above persons

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Governing body	73	73	73	73
Teaching	21,678	21,678	20,592	20,592
Support	7,018	7,018	6,243	6,243
Administration	14,192	14,175	12,887	12,761
FRS 102 adjustment (see note 22)	1,188	1,188	5,141	5,141
Premises	1,361	1,300	1,574	1,574
Total	45,510	45,432	46,510	46,384
Wages and salaries	34,854	34,776	31,925	31,799
Social security costs	2,938	2,938	2,962	2,962
Movement in pension	0	0	0	0
Other pension costs	7,718	7,718	11,623	11,623
Total	45,510	45,432	46,510	46,384

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Senior post-holders		Other staff	
	2023	2022	2023	2022
	No.	No.	No.	No.
£60,001 to £70,000	0	0	28	52
£70,001 to £80,000	0	0	14	11
£80,001 to £90,000	0	0	14	13
£90,001 to £100,000	1	1	1	1
£100,001 to £110,000	0	1	0	0
£110,001 to £120,000	3	1	0	0
£120,001 to £130,000	0	0	0	0
£130,001 to £140,000	0	0	0	0
£140,001 to £150,000	1	1	0	0
£150,001 to £160,000	0	0	0	0
	<u>5</u>	<u>4</u>	<u>57</u>	<u>77</u>

8. KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the college Governing Body and Executive Team which comprises the Principal/Director/Chief Executive and Deputy Directors.

	2023	2022
	No.	No.
The number of senior post-holders including the Principal was:	<u>5</u>	<u>4</u>

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

	2023	2022
	£'000	£'000
Salaries	477	388
Pension contributions	<u>100</u>	<u>80</u>
Total emoluments	<u>577</u>	<u>468</u>

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

	2023	2022
	£'000	£'000
Salaries	123	125
Pension contributions	<u>23</u>	<u>23</u>
Total	<u>146</u>	<u>148</u>

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. OTHER OPERATING EXPENSES

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Direct Teaching	1,210	1,210	1,062	1,062
Direct Support	4,265	4,265	3,844	3,844
Administration	4,685	4,506	5,649	5,421
Professional Fees	181	181	422	422
Premises	5,748	5,584	6,812	6,812
Unitary payments under PFI contract	6,295	6,295	6,041	6,041
Interest element of finance lease	2,609	2,609	2,761	2,761
Total	24,993	24,650	26,591	26,363

Other operating expenses for the group include:

	2023 £'000	2022 £'000
Auditors' remuneration:		
Financial statements audit (includes £44,000 in respect of the college – 2021-22 £31,000)	44	38
Internal audit (includes £26,109 in respect of the college – 2021-22 £27,058)	26	27
Hire of plant and machinery – operating leases	235	232

10. INTEREST AND OTHER FINANCE COSTS

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
On bank loans, overdrafts and other loans	0	0	0	0
On finance leases	0	0	0	0
Net charge on pension scheme	432	432	646	646
Total	432	432	646	646

11. TAXATION

The members do not believe the college was liable for any corporation tax arising out of its activities during this period. SEV Ltd had a liability of £nil in 2022-23.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land & buildings £'000	PFI £'000	Plant & equipm't £'000	Computer £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation							
At 1 August 2022	38,407	96,787	9,075	5,618	608	268	150,763
Additions	0	564	445	319	397	44	1,769
Impairment	88	0	0	0	0	0	88
Surplus/(deficit) on revaluation	2,461	7,723	0	0	0	0	10,184
Disposals	0	0	0	0	0	0	0
At 31 July 2023	40,956	105,074	9,520	5,937	1,005	312	162,804
Depreciation							
At 1 August 2022	0	0	5,956	4,949	245	251	11,401
Charge for the year	1,120	3,242	906	416	125	16	5,825
Revaluation	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Elimination in respect of disposals	0	0	0	0	0	0	0
At 31 July 2023	1,120	3,242	6,862	5,365	370	267	17,226
Net book value at 31 July 2023	39,836	101,832	2,658	572	635	45	145,578
Net book value at 31 July 2022	38,407	96,787	3,119	669	363	17	139,362

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. PROPERTY, PLANT AND EQUIPMENT

College

	Freehold land & buildings £'000	PFI £'000	Plant & equipm't £'000	Computers £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation							
At 1 August 2022	35,952	96,788	8,927	5,618	608	268	148,161
Additions	0	564	445	319	397	44	1,769
Surplus/(deficit) on revaluation	2,461	7,723	0	0	0	0	10,184
Disposals	0	0	0	0	0	0	0
At 31 July 2023	38,413	105,075	9,372	5,937	1,005	312	160,114
Depreciation							
At 1 August 2022	0	0	5,809	4,949	245	251	11,254
Charge for the year	1,100	3,242	906	416	125	16	5,805
Revaluation	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Elimination in respect of disposals	0	0	0	0	0	0	0
At 31 July 2023	1,100	3,242	6,715	5,365	370	267	17,059
Net book value at 31 July 2023	37,313	101,833	2,657	572	635	45	143,055
Net book value at 31 July 2022	35,952	96,788	3,118	669	363	17	136,907

Land and buildings were last subject to a full revaluation at 31 July 2022 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Service (LPS). Subsequently that revaluation was updated using indices supplied by the Land and Property Service to provide valuations as at 31 July 2023.

NOTES TO THE FINANCIAL STATEMENTS (continued)**12. PROPERTY, PLANT AND EQUIPMENT**

If property, plant and equipment had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	£'000
Cost	0
Aggregate depreciation based on cost	<u>0</u>
Net book value based on cost	<u>0</u>

The net book value of property, plant and equipment includes an amount of £101,832k (2022: £96,788k restated) in respect of assets held under finance leases.

	2023	2022
The depreciation charge for the year is analysed as follows:	£'000	£'000
Owned assets	2,583	2,187
Assets held under finance leases and hire purchase arrangements	3,242	2,587

13. INTANGIBLE FIXED ASSETS**Group and College**

	Intangible Asset £'000	TOTAL £'000
Cost or valuation		
At 1 August 2022	424	424
Additions	0	0
Disposals	<u>0</u>	<u>0</u>
At 31 July 2023	<u>424</u>	<u>424</u>
Amortisation		
At 1 August 2022	96	96
Charge for the year	77	77
Elimination in respect of disposals	<u>0</u>	<u>0</u>
At 31 July 2023	<u>173</u>	<u>173</u>
Net book value at 31 July 2023	<u>251</u>	<u>251</u>
Net book value at 31 July 2022	<u>328</u>	<u>328</u>

The intangible asset is a jointly owned and controlled asset among the six Further Education Colleges of Northern Ireland. The asset is a Learner Management System that will be operated centrally for the sector. The intangible asset is funded in full through a capital grant from the Department for the Economy. The total cost for the joint asset for the sector was £2.5m and amortisation began in May 2021.

NOTES TO THE FINANCIAL STATEMENTS (continued)**14. SERVICE CONCESSION ARRANGEMENTS**

The Statement of Financial Position includes two service concession arrangements where service delivery has commenced, Millfield and Titanic Quarter.

Movement in service concession arrangement assets

The asset value of the service concession included in the Statement of Financial Position as at 31 July 2023 is £101,832k (2022: £96,787k). The increase of £5,044k is due to depreciation being less than additions and indexation.

Movement in service concession liabilities

The total liabilities relating to the service concession included in the Statement of Financial Position as at 31 July 2023 were £25,658k (2022: £27,759k). The sum of £2,101k was repaid during the year.

Future Commitments

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

	Payable in 1 year	Payable 2-5 years	Payable >5 Years	Total
	£'000	£'000	£'000	£'000
Liability repayments	1,723	10,813	13,122	25,658
Finance charge	2,463	7,229	6,237	15,929
	4,186	18,042	19,359	41,587

NOTES TO THE FINANCIAL STATEMENTS (continued)**15. NON CURRENT INVESTMENTS**

Springvale Education Village Ltd and Belfast Metropolitan College Trust are companies registered by guarantee without share capital.

16. INVESTMENTS IN ASSOCIATES

The college does not have any investments in associates.

17. TRADE AND OTHER RECEIVABLES

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables	810	778	1,214	1,174
Amounts owed by group undertakings:				
Subsidiary undertakings	0	260	0	153
Advance payments in respect of PFI contracts	414	414	517	517
Amounts due from Department	770	770	405	405
Prepayments and accrued income	<u>1,154</u>	<u>1,144</u>	<u>2,172</u>	<u>2,154</u>
Total receivables	<u>3,148</u>	<u>3,366</u>	<u>4,308</u>	<u>4,403</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Service concession arrangements	1,723	1,723	2,100	2,100
Payments received in advance	14,640	14,637	12,241	12,239
Trade payables	215	204	134	133
Amounts owed to group undertakings:				
Subsidiary undertakings	0	0	0	0
Taxation and social security	1,485	1,488	1,524	1,527
Accruals and deferred income	8,110	8,084	8,021	8,005
Other payables	0	0	5	5
Amounts owed to the Department	236	236	231	231
Total	<u>26,409</u>	<u>26,372</u>	<u>24,256</u>	<u>24,240</u>

In April 2009 the College signed a PPP contract with Ivywood College Ltd (ICL) to design, build and maintain, for 25 years, a new College Building on the Titanic Quarter site. Capital repayments are made over a 25-year period and are funded by DfE.

At the same time the College entered into the PFI agreement for the Titanic Quarter campus with ICL, the College also entered into a further agreement with a company connected to ICL, Ivywood Car Parks Limited. Under this agreement Ivywood Car Parks Limited constructed at its own cost (£5.3m), a sub-basement car park underneath the TQ campus which it is entitled to operate as a car park for 40 years, after which it reverts to the College. The College is entitled to income of £10k per annum indexed at 5% per annum in respect of this arrangement. The income is recognised on a straight-line basis over the 40-year period.

Deferred income

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

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Donations	0	0	0	0
Grant income	2,331	2,325	2,286	2,277
Other income	0	0	0	0
	<u>2,331</u>	<u>2,325</u>	<u>2,286</u>	<u>2,277</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)**19. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Deferred income	23,675	23,319	24,270	23,899
Service concession liabilities due after one year	<u>23,935</u>	<u>23,935</u>	<u>25,659</u>	<u>25,659</u>
Total creditors after one year	<u>47,610</u>	<u>47,254</u>	<u>49,929</u>	<u>49,558</u>

**20. ENDOWMENT RESERVES
GROUP**

	Restricted permanent £'000	Unrestricted permanent £'000	Expendable endowments £'000	2023 Total £'000	2022 Total £'000
At 1 August	0	151	0	151	177
Capital	<hr/>				
Accumulated income	0	151	0	151	177
New endowments	0	0	0	0	0
Income for year	0	35	0	35	8
Expenditure for year	0	(60)	0	(60)	(29)
(Decrease)/increase in market value of investments	0	0	0	0	(5)
At 31 July	<u>0</u>	<u>126</u>	<u>0</u>	<u>126</u>	<u>151</u>

**21. CASH AND CASH EQUIVALENTS
GROUP**

	As 1 August 2022 £'000	Cash Flows £'000	At 31 July 2023 £'000
Cash and Cash equivalents at 31 July	<u>6,776</u>	167	<u>6,943</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)**22. PENSIONS AND SIMILAR OBLIGATIONS**

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

Total pension cost for the year

	2023	2022
	£'000	£'000
NITPS: contributions paid	3,892	3,999
NILGOSC: contributions paid	2,638	2,457
NILGOSC: FRS 102 (28) adjustments	1,188	5,141
NEST: contributions paid	28	26
Charge to the Consolidated Statement of Comprehensive Income (staff costs)	7,746	11,623
Enhanced pension charge to the Consolidated Statement of Comprehensive Income (staff costs)	0	0
Total pension cost for the year	7,746	11,623

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the NITPS was 31 March 2016 and NILGOSC was 31 March 2019.

NITPS

The NITPS is an unfunded contributory, voluntary membership scheme administered by the Department of Education. Until 1 April 2015 the scheme operated under the Teachers' Superannuation Regulations (NI) 1998 (as amended). Further information about the scheme is given on the Department of Education's website www.education-ni.gov.uk.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

The bands applicable to member contributions for the NITPS from 1 April 2022 are:

Salary	Member contribution rate
Up to £29,187.99	7.4%
£29,188 to £39,290.99	8.6%
£39,291 to £46,586.99	9.6%
£46,587 to £61,742.99	10.2%
£61,743 to £84,193.99	11.3%
£84,194 and above	11.7%

The salary bands applicable to member contributions for the NITPS from 1 April 2023 are:

Salary	Member contribution rate
Up to £32,135.99	7.4%
£32,136 to £43,259.99	8.6%
£43,260 to £51,292.99	9.6%
£51,293 to £67,979.99	10.2%
£67,980 to £92,697.99	11.3%
£92,698 and above	11.7%

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

NILGOSC

NILGOSC is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations (Northern Ireland) 2002, as amended. The disclosures below relate to the funded liabilities within the Northern Ireland Local Government Officers' Superannuation Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (Northern Ireland) (the "LGPS") and certain related unfunded liabilities which have been separately disclosed.

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2015 being linked to final salary. Benefits after 31 March 2015 are based on a Career Average Revalued Earnings scheme. Details of the benefits earned over the period covered by this disclosure are set out in 'The Local Government Pension Scheme Regulations (Northern Ireland) 2014' (as amended) and 'The Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014' (as amended).

Employee contribution rates are on www.nilgosc.org.uk.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2023 by a qualified actuary.

Principal actuarial assumptions

Principal actuarial assumptions at the Statement of Financial Position date are as follows:

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	4.35%	4.25%
Rate of increase for pensions in payment/inflation	2.85%	2.75%
Discount rate for scheme liabilities	5.10%	3.55%
Inflation assumption (CPI)	2.85%	2.75%

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

	At 31 July 2023	At 31 July 2022
<i>Retiring today</i>		
Males	21.3	21.8
Females	24.1	25.1
<i>Retiring in 20 years</i>		
Active / Deferred Males	21.9 / 22.2	22.8
Active / Deferred Females	24.9 / 25.2	26.1

The assets allocated to the College in the Fund are notional and are assumed to be invested in line with the investments of the Fund, for the purposes of calculating the return over the accounting period. The Fund holds a significant proportion of its assets in liquid investments. As a consequence, there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments.

The actuarial assumptions also include:

- Guaranteed Minimum Pension ("GMP") Indexation

In order to ensure smooth transition to the single tier State pension and equalisation of GMP benefits between males and females, the Government introduced an interim solution in March 2016 in respect of people who are in public service pension schemes and who have a State Pension Age ("SPA") between 6 April 2016 and 5 December 2018, whereby full inflationary increases will be provided by the Fund. In January 2018, this interim solution was extended to members who reach SPA between 6 December 2018 and 5 April 2021.

An announcement on 23 March 2021 further confirmed that public sector schemes will need to provide full indexation to members with a GMP state pension age beyond 5 April 2021.

The 2022 Valuation included an allowance for the additional liability potentially arising as a result of GMP indexation for all members reaching State Pension Age after 5 April 2021. The 2022 Valuation

was used as the starting point for the roll forward calculation of the accounting Defined Benefit Obligation (DBO) at 31 July 2023 and therefore the DBO calculated at 31 July 2023 implicitly includes an allowance for GMP indexation.

The 31 July 2023 accounting valuation does not include any further allowance for GMP indexation.

- Goodwin Ruling

A legal challenge has been made against the Government in respect of unequitable benefits for male dependants of female members (based on service after 1988) following the earlier Walker ruling. The Walker ruling made it necessary for public service pension schemes to provide survivors of registered civil partnerships or same-sex marriages with benefits that replicate those provided to widows. However, widows' pensions were generally introduced in public service schemes in the 1970s whereas a male widower of a female member historically only received benefits based on service from 6 April 1988.

An Employment Tribunal on 30 June 2020 has upheld the claim, and as a result the valuation has allowed for an additional liability in respect of the Goodwin ruling. An additional liability of £99k (0.1% of DBO) has been included in the past service cost recognised in the year ended 31 July 2022. The Defined Benefit Obligation at 31 July 2023 also includes this allowance. No further allowance has been proposed at 31 July 2023.

- McCloud Ruling

Two employment tribunal cases were brought against the Government in relation to possible discrimination in the implementation of transitional protection following changes made to public service pension scheme legislation in 2014. The claimants challenged the transition protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race discrimination. In December 2018, the Court of Appeal ruled that the transitional protections gave rise to unlawful discrimination on the basis of age. The Government requested leave to appeal this decision to the Supreme Court, however the request was denied on 27 June 2019.

As a result, certain scheme members had to be compensated for any discrimination suffered as a result of the transitional protections. The changes to legislation were implemented in 2015 for the NILGOSC Fund and therefore this only impacts benefits accrued from 1 April 2015 for those members who were active at that date.

The 2022 Valuation included an allowance for the past service additional liability potentially arising as a result of McCloud underpin. The 2022 Valuation was used as the starting point for the roll-forward calculation at 31 July 2023 and therefore the DBO calculated at 31 July 2023 implicitly includes an allowance for the McCloud underpin for past service.

- Elevated mortality experience

During the accounting period, the UK has continued to experience elevated mortality experience with a sustained level of over 1,000 excess deaths per week (on average) seen since Q2 of 2022. This experience could be directly attributed to COVID-19 over the years following the pandemic, but recent evidence suggest that excess deaths are now primarily due to other causes. This sustained and less volatile experience, than seen during 2020 and 2021, has caused the CMI to adjust its core parameters

in the latest release of the mortality projections mode, CMI_2022, to give weight to post-pandemic experience for the first time. The CMI's view is that 2022 experience may be indicative of future mortality to some extent.

The assumption for future projections in longevity has been updated to use the most recent projections available, the CMI 2022 projections, to make allowance for the current elevated mortality experience.

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

	Long-term rate of return expected at 31 July 2023	Value at 31 July 2023 £'000	Long-term rate of return expected at 31 July 2022	Value at 31 July 2022 £'000
Equities	42.9%	38,171	38.6%	33,937
Bonds	21.5%	19,169	25.1%	22,083
Property	10.3%	9,203	12.2%	10,771
Multi Asset Credit, Cash & other	25.1%	22,346	24.1%	21,086
Total		88,889		87,877

Amounts recognised in the Statement of Financial Position

	2023 £'000	2022 £'000
Scheme assets	88,889	87,877
Scheme liabilities	(81,392)	(99,462)
Surplus/(Deficit) in the scheme (net pension liability recorded within pension provisions)	7,497	(11,585)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	2023 £'000	2022 £'000
Amounts included in staff costs		
Employer service cost (net of employee contributions)	3,820	7,506
Past service cost (obligation based on court rulings)	<u>0</u>	<u>0</u>
Total	3,820	7,506

Analysis of pension finance income/(costs)

	2023 £'000	2022 £'000
Expected return on pension scheme assets	3,153	1,585
Interest cost	(3,585)	(2,231)
Interest on net deficit	<u> </u>	<u> </u>
Net charge to other finance costs	<u>(432)</u>	<u>(646)</u>

Analysis of Other Comprehensive Income for pensions

	2023 £'000	2022 £'000
Actuarial gains/(losses) on pension scheme assets	(4,045)	(7,604)
Actuarial gains/(losses) on scheme liabilities	24,747	37,239
Past service credit arising on change of pension increase assumption in year	<u> </u>	<u> </u>
Total Other Comprehensive Income	<u>20,702</u>	<u>29,635</u>

Movement in surplus/(deficit) during the year

	2023 £'000	2022 £'000
Surplus/(deficit) in scheme at 1 August	(11,585)	(35,433)
Movement in the year:		
Employer service cost (net of employee contributions)	(3,820)	(7,506)
Employer contributions	2,632	2,464
Past service cost	0	(99)
Net interest/return on assets	(432)	(646)
Actuarial gain or loss recognised in Other Comprehensive Income	<u>20,702</u>	<u>29,635</u>
Surplus/(deficit) in scheme at 31 July	<u>7,497</u>	<u>(11,585)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Asset and liability reconciliation

	2023 £'000	2022 £'000
Reconciliation of liabilities		
Liabilities at start of period	99,462	127,986
Service cost	3,820	7,506
Interest cost	3,585	2,231
Employee contributions	879	838
Experience gains and losses on scheme liabilities	0	0
Actuarial (gain)/loss	(24,747)	(37,239)
Benefits paid	(1,607)	(1,959)
Past service cost	0	99
Curtailments and settlements	0	0
	<u>81,392</u>	<u>99,462</u>
Liabilities at end of period	81,392	99,462
Reconciliation of assets		
Assets at start of period	87,877	92,553
Expected return on assets	3,153	1,585
Actuarial gain/(loss)	(4,045)	(7,604)
Employer contributions	2,624	2,457
Employee contributions	879	838
Benefits paid	(1,599)	(1,952)
	<u>88,889</u>	<u>87,877</u>
Assets at end of period	88,889	87,877

National Employment Savings Trust (NEST)

To comply with auto enrolment legislation the College joined the National Employment Savings Trust (NEST). Where an employee has previously opted out of NILGOSC or NIPTS the college still has a duty to enrol them in a qualifying pension scheme if certain earnings criteria are met. NEST was set up by the Government to assist with this requirement. The College's contributions to NEST are made on a defined contribution basis at 3%.

NOTES TO THE FINANCIAL STATEMENTS (continued)**23. EVENTS AFTER THE END OF THE REPORTING PERIOD****Provisions**

The provision of £311k relates to a Holiday Pay provision resulting from the Court of Appeal (CoA) judgement (17 June 2019) in the case PSNI v Agnew. The CoA judgement determined that claims for Holiday Pay shortfall can be taken back to 1998. The PSNI appealed the CoA judgment to The Supreme Court. The Supreme Court made its ruling on 5 October 2023 where it dismissed the appeal and upheld the judgement of the Court of Appeal. The narrative disclosure of Note 26 has been updated to reflect The Supreme Court judgement.

Reform to Save Scheme

In October 2023, in response to budgetary pressures, it was announced that the College may need to reduce its staff complement in the 2023/24 academic year.

24. SUBSIDIARY UNDERTAKINGS

Belfast Met has two subsidiaries, Springvale Educational Village Limited and Belfast Metropolitan College Trust which are companies registered by guarantee without share capital.

25. FINANCIAL COMMITMENTS

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

	Group and College	
	2023	2022
	£'000	£'000
Land and buildings		
Expiring within one year	0	0
Expiring within two and five years inclusive	0	0
Expiring in over five years	0	0
Total	0	0
Other		
Expiring within one year	151	98
Expiring within two and five years inclusive	251	244
Expiring in over five years	0	0
Total	402	342

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. PROVISIONS FOR LIABILITIES AND CHARGES

	Litigation	Holiday	Total
	£'000	Pay	£'000
	£'000	£'000	£'000
At 1 August 2022	0	311	311
Expenditure in the period	0	0	0
Additions in 2022-23	0	0	0
Unused amounts reversed	<u>0</u>	<u>0</u>	<u>0</u>
At 31 July 2023	<u>0</u>	<u>311</u>	<u>311</u>

The provision relates to a Holiday Pay provision resulting from the Court of Appeal (CoA) judgement (17 June 2019) in the case PSNI v Agnew. The CoA judgement determined that claims for Holiday Pay shortfall can be taken back to 1998.

The PSNI has appealed the CoA judgment to the Supreme Court. In 2021, the case was paused to facilitate mediation, however, in March 2022, the PSNI were unable to obtain the required authorisation from the Department of Finance in respect of agreeing a potential financial settlement. The Supreme Court heard the case on 14 and 15 December 2022. The Supreme Court made its ruling on 5 October 2023 where it dismissed the appeal and upheld the judgement of the Court of Appeal.

The £311k provision has been estimated by the College and covers the period from 1998 to 31 July 2020, following the Department of Finance approach outlined for Departmental Annual Reports and Accounts (FD (DoF) 08/20).

There are some very significant elements of uncertainty around this estimate for a number of reasons:

1. The outworking of The Supreme Court judgement and the application of The Court of Appeal's original judgement;
2. Lack of accessible data for years previous to 2008-09, requiring estimations to be applied;
3. Future negotiations with Trade Unions;
4. Obtaining legal advice on specific application of the ruling for the NI Further Education sector;
5. The provision is gross (inclusive of Employee National Insurance and PAYE);
6. Taxation issues are under discussion with HMRC, by the wider NI public sector.

Therefore, the estimated provision outlined above is based on the application of DoF methodology, however there remains significant uncertainty over the amount and timing of future payments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. RELATED PARTY TRANSACTIONS AND TRANSACTIONS INVOLVING GOVERNING BODY MEMBERS AND SENIOR MANAGEMENT

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

Governor	Company	Role	Transactions (AP/AR*) 2023 £'000	Transactions (AP/AR) 2022 £'000	Amount outstanding to BMC at 31 July 2023 £'000	Amount outstanding to BMC at 31 July 2022 £'000
Jim McCall	NI Water	Non-Executive Director	-	33 & 17	-	1
	NHSCT	Non-Executive Director	-	0 & 0	-	0
	NI Housing Executive	Non-Executive Director	53 & 10	57 & 13	0	3
Sam Snodden	Stranmillis University	Non – Executive Director	32 & 0	28 & 0	0	0
Kathleen O'Hare	CCEA	Member	37 & 64	17 & 0	0	0
Brian Wilson	CCEA	Member	37 & 64	17 & 0	0	0
Senior Manager						
Damian Duffy	USEL	Non-Executive Director	0&2	0&11	0	0
Gillian Magee	RC2020	Executive Director	3 & 0	3 & 0	0	0

* AP/AR – Accounts Payable/ Accounts Receivable

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. AMOUNTS DISBURSED AS AGENT

Support Funds

	2023 £'000	2022 £'000
DfE Grants	446	368
Balance unspent in prior year	231	281
	677	649
Disbursed to students	(441)	(418)
Balance unspent at 31 July	236	231

Care to Learn

	2023 £'000	2022 £'000
DfE Grants	11	3
Interest earned	0	0
	11	3
Disbursed to students	(11)	(3)
Audit fees	0	0
Balance unspent at 31 July	0	0

HE Covid Disruption Payments

	2023 £'000	2022 £'000
DfE Grants rec'd or b/fwd	0	54
Interest earned	0	0
	0	54
Disbursed to students	0	0
Admin fees	0	0
Returned to Dept	0	(54)
Balance unspent at 31 July	0	0

29. LOSSES AND SPECIAL PAYMENTS

In the period 1 August 2022 to 31 July 2023 there were no losses or special payments made and bad debts of £109,545 were written off. (2021-22 £Nil). 255 individual debts made up this total. Seven debts were individually £2k or more, 5 of these related to student debts and 2 related to private companies.

NOTES TO THE FINANCIAL STATEMENTS (continued)**30. ADDITIONAL DISCLOSURES TO COMPLY WITH FINANCIAL REPORTING MANUAL**

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

	Notes	2023 Group £'000	2022 Group £'000
INCOME			
DfE income (non grant-in-aid items)	1	4,657	4,059
Education contracts	2	730	611
Tuition fees and charges	3	8,465	8,083
Other grant income	4	1,354	1,761
Other operating income	5	1,172	1,121
Endowment and investment income	6	187	0
Profit on disposal of assets		0	0
Total incoming resources		16,565	15,635
EXPENDITURE			
Staff costs	7	45,510	46,510
Other operating expenses	9	24,993	26,591
Depreciation	12	5,902	4,851
Interest and other finance costs	10	432	646
Holiday Pay Provision	26	0	0
Total resources expended		(76,837)	(78,598)
Net deficit for the year		(60,272)	(62,963)
Unrealised surplus on revaluation of land and buildings		10,184	9,321
Actuarial (loss)/gain in respect of pension scheme		20,702	29,635
Transfer due to endowment asset investments		0	0
Amount transferred to reserves		(29,386)	(24,007)
Analysis of reserves prepared under FReM			
		2023	2022
		£'000	£'000
Balance at 1 August restated		64,844	35,017
Grant-in-aid received in year		53,755	53,834
Net operating cost for year [<i>amount transferred to reserves</i>]		(29,386)	(24,007)
Balance at 31 July		89,213	64,844

NOTES TO THE FINANCIAL STATEMENTS (continued)

DATE OF AUTHORISATION FOR ISSUE

The Accounting Officer authorised the issue of these financial statements on 21 December 2023.

