



Annual Report

and Financial Statements

2016

17

Belfast Metropolitan College
Annual Report and Accounts
For the year ended 31 July 2017

*The Accounting Officer authorised these
financial statements for issue*

on

21 November 2017

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

on

8 December 2017

COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2017

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Foreword

By Chair of Governing Body



FOREWORD BY CHAIR OF GOVERNING BODY

Charles Darwin stated, *"It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change"*.

Reflecting on 2016/17, we have much to be proud of. In spite of the many challenges that came our way, not least the collapse of the Northern Ireland Executive and the absence of a formally approved Programme for Government, the year was an incredibly productive one for Belfast Met.

Among these achievements and thanks to the dynamic leadership of the executive team, supported by our very talented and dedicated staff, was the formal launch of the new Belfast Business School, the consolidation of our new school structure and investment in e3 to develop this fantastic facility further.

Belfast Met continues to prove itself an 'Award Winning College' securing 35 Learner Awards (from winning Golds at World Skills UK, to Career Ready National Awards), 6 Staff Awards (including UK TES Teacher of the Year shortlist) and 13 Corporate Awards (including winners of UK Learner Voice Practitioner and Education & Business Partnership awards). I am delighted to see so many staff and students individually recognised as being at the forefront of their chosen field. As a College we take great pride in playing at least some small part in supporting those people realise their potential.

Even acknowledging the challenges ahead, I am personally convinced that the further education sector can transform lives. It helps lift people out of poverty, provides them with confidence and self-esteem and, ultimately, improves their chances of securing a rewarding job. Belfast Met continually develops its curriculum provision to meet the needs and expectations of learners and businesses, holding true to its dual mandate of supporting social inclusion and economic prosperity as we play our full part in 'Leading the City to Work'.

While this presents its challenges, it also provides an exciting opportunity to write a new chapter in the long and proud history of technical and vocational education. We can distinguish ourselves as the providers of a dynamic, relevant and agile delivery pipeline of skills that will be the envy of others across these Isles and perhaps, in time, internationally.

Thanks to the amazing talent, energy and passion of governors, the executive leadership team and staff, I am confident we are up to the challenge. We can face into these headwinds from a strong, resilient base, providing the dynamic leadership necessary to deliver against our corporate mission of contributing to the economic and social success of the city of Belfast and beyond.

Finally, I would wish to acknowledge the huge debt of gratitude owed to governors and staff for the significant progress made throughout 2016/17. We achieved much but, as ever, there is even more to do.

Yours sincerely,

A handwritten signature in cursive script that reads "Frank Bryan".

Frank Bryan
Chair of Governing Body

Principal and Chief Executive
Message

PRINCIPAL AND CHIEF EXECUTIVE MESSAGE



This has been a particularly busy and productive year for the College. Indeed, it has been a year punctuated by a number of landmark moments: the launch of our new 2016–2020 Corporate Plan, the official opening of the Belfast Business School and, of course, the celebration of our 110th anniversary.

2016 / 17 also marked the first full year of our transition to a refreshed curriculum and with it, a significantly reshaped College structure. It is testament to the dedication and duty of our staff that, amid all these changes, they never wavered in their commitment to securing the best possible outcomes for our learners.

Our *Leading the City to Work* Corporate Plan has served to galvanise our entire College community. It contains a fresh vision, an updated mission and a newly articulated set of four core values – Collaboration, Ambition, Respect and Excellence – that are guiding our approach as we work toward our vision of becoming a “world-class college that nurtures the talent and ambition of the city of Belfast and beyond”.

Although the current economic and political environment pose severe challenges, we remain steadfast in our ambition for our College, our learners and for the city of Belfast itself. Our learners are our first and most important priority and we will continue to focus on those areas that will result in excellence across the entire student experience.

Our strategic aims and objectives are centred deliberately around the four Rs of Relevance, Reputation, Responsiveness and Reach. By achieving these, we will fulfil our mission and deliver our dual mandate of economic development and social inclusion. This is undoubtedly the most fitting way to honour our proud 110 year historical legacy.

A handwritten signature in black ink that reads "Marie-Thérèse McGivern". The signature is written in a cursive, flowing style.

Marie-Thérèse McGivern
Principal and Chief Executive

Strategic Report
2016/17

BELFAST METROPOLITAN COLLEGE STRATEGIC REPORT 2016/17

NATURE, OBJECTIVES AND STRATEGIES

The Governing Body members present their report and the audited financial statements for the year ended 31 July 2017.

Legal status

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

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

Mission statement

Governors of the College adopted the following mission statement in 2016/2017.

“To make a fundamental impact on the economic and social success of the city of Belfast and beyond by equipping its people, employers and communities with the skills for work.”

This is an updated mission statement, approved by Governors for inclusion in our 2016–2020 *Leading the City to Work* Corporate Plan.

Implementation of strategic plan

Belfast Metropolitan College’s (Belfast Met’s) new Corporate Plan sets out the strategic direction for the period 2016–2020. The plan contains a fresh vision, an updated mission and a newly articulated set of four core values – Collaboration, Ambition, Respect and Excellence – that will guide our approach as we work to achieve our vision of becoming a “world-class college that nurtures the talent and ambition of the city of Belfast and beyond”.

The College has identified four strategic aims, which will provide the foundation upon which we will strengthen our position as a key partner in the success of the city of Belfast and the wider region. Each aim is supported by a set of strategic objectives.

Strategic Aims

1. Determined Relevance
2. Valued Reputation
3. Agile Response
4. Distinctive Reach

Our strategic aims and objectives will direct and focus our actions and priorities for the lifetime of the plan.

Strategic Aim 1: DETERMINED RELEVANCE

Relevancy sits at the heart of Belfast Met's ambition and plans. The College was founded specifically to meet the skills needs of a thriving, twentieth-century city and it is the ability to keep pace with the changing and increasingly diverse skills demand that still sets us apart today. Over the course of the next four years, we will pursue relevancy with commitment and determination.

Strategic Objectives

- 1.1 Maximise student attainment and employability by enabling individuals to achieve their full potential.
- 1.2 Invest in our people and infrastructure, ensuring staff are equipped with the knowledge and expertise to deliver excellence in teaching and learning, and that we have the capacity and resources to succeed.
- 1.3 Ensure deep-rooted connections with local, national and international employers, working with them to define their needs designing, and delivering the most relevant and effective skills solutions.
- 1.4 Work with local communities to develop knowledge and skills, build confidence and self-esteem and provide opportunities that help put people on a pathway into further training or employment.

Strategic Aim 2: VALUED REPUTATION

Belfast Met's reputation for providing economically relevant, good quality, employer-led provision has grown exponentially in recent years. Every indicator not only points to consistently high levels of stakeholder satisfaction, they reflect the impact Belfast Met makes on people's lives.

It is this impact – whether in terms of enhancing employability, increasing business competitiveness, building community capacity, or working with city partners to identify and plan for future skills growth – that has helped shift wider public perceptions as to the value of technical and vocational training.

Over the course of the next four years, Belfast Met will work to enhance its reputation even further.

Strategic Objectives

- 2.1 Deliver consistent high-quality teaching and learning, provide inspired and inspirational leadership, achieve continuous improvement, empower our employees, and deeply embed the core values of Collaboration, Ambition, Respect and Excellence in everything we do.
- 2.2 Maximise opportunities for our learners by building relationships with key government, political, policy, business and community partners, most notably the Department for the Economy, its executive agencies Invest NI and Tourism NI, as well as with Belfast City Council.
- 2.3 Influence and inform public policy and decision-making across all relevant areas and unequivocally demonstrate the impact of our contribution to the economic and social success of the city of Belfast and beyond.
- 2.4 Ensure our teaching practices are cutting-edge by continuing to create a small but strong international network of partner organisations that shares insights and ideas, develops good practice and builds expertise.

Strategic Aim 3: AGILE RESPONSE

We will ensure that we have the right structure and the right capabilities in place to respond quickly and effectively to the city's increasingly varied and constantly changing skills demands.

Our internal structure will support a refreshed and realigned curriculum, and we remain committed to a programme of continual organisational change. We will embed a process of continual scrutiny and review to ensure the curriculum remains finely tuned to the needs of the employers and the communities we serve.

Strategic Objectives

- 3.1 Fulfil our dual mandate by relentlessly supporting an agenda of economic inclusion for all.
- 3.2 Develop the skills and capabilities of our employees so we can respond effectively to the needs of all stakeholders and invest in technology to ensure more flexible and innovative delivery, and one that keeps pace with market demand.
- 3.3 Proactively engage with local, national and international employers to identify and respond to their specific skills needs.
- 3.4 Understand our policy landscape and proactively respond to the opportunities and challenges it presents.

Strategic Aim 4: DISTINCTIVE REACH

Belfast Met reaches out across the city, offering the potentially life-changing benefits of education and training to every individual and every community. We provide people with the skills to get a job or to get a better job, thus enabling employers to more fully support business growth.

Reconnecting disconnected people, and especially young people, with education and training is crucial for future success.

Belfast Met will strengthen its reach over the next four years and in doing so help widen participation, enhance social mobility, build community capacity and create a fairer society.

Strategic objectives

- 4.1 Work alongside government and community partners to provide access and progression opportunities for all.
- 4.2 Work with local, national and international employers of every size – from the largest companies to the smallest of micro-businesses – in designing courses that meet their current and specific skills demands, whilst planning for those of the future.
- 4.3 Consolidate our physical presence in the city, thereby continuing our strategy of creating modern, thriving hubs where people acquire work-ready skills and which help build social inclusion by providing opportunities for people of all abilities and backgrounds.

- 4.4 Take advantage of the benefits that technology brings to expand our reach beyond the city and region, and to provide learning opportunities at a time and in a way that suits today's ever-changing lifestyles.

Achievements against strategic aims and objectives

College Restructuring

Belfast Met moved to a new curriculum structure at the start of the year. This new structure is centred round five schools where provision is grouped together to ensure the best possible fit in terms of delivering a skills focused, economically relevant curriculum. The College also completed the reorganisation of the Curriculum Administration and Timetabling services, as well as the IT and Strategic Planning departments.

Estate Changes

We achieved further progress of our Estate Strategy through the implementation of a number of projects:

- The opening of a dedicated Centre for Supported Learning facility in our Millfield campus and the subsequent closure of our older, costlier sites at Tower Street and Parkmore.
- A £1.2 million investment, funded by the Department for the Economy, which has resulted in the reconfiguration of our e3 building to allow for five additional classrooms.
- The relocation of our Marketing and HR departments to the Castlereagh campus, thus enabling us to progress our plans for a fully serviced and equipped Learner Success hub at our Millfield campus.

The estate consolidation project will continue into the 2017/2018 academic year.

Inspections

Belfast Met is focused on achieving the highest standards of teaching and learning excellence. Our progress is demonstrated in part through the inspection process. For example, the Education and Training Inspectorate (ETI) visited the College in April to carry out a scrutiny inspection of our Youth Training and Apprenticeship Level 3 pilots and our Whole College Self Evaluation and improvement planning processes. Inspectors spent two days meeting delivery teams and managers, students, employers and support teams, as well as reviewing Self Evaluation Reviews, course data and learner work.

ETI awarded a Confidence rating, with inspectors commending the high levels of teamwork and commitment to quality improvement planning and the interventions that are taking place at all levels to support our learners.

Core Values

The Corporate Plan articulates a set of four core values that will influence our individual and collective behaviour as we work to fulfil our strategic aims and objectives. The values are Collaboration, Ambition, Respect and Excellence (i.e. CARE). Our focus for 2016/2017 has been to build staff awareness and familiarity with the values. This has included introducing values-based employee recognition awards i.e. The Belfast Met CARE Awards. Our focus in 2017/2018 will be to embed the values across every aspect of the College.

Financial objectives

Belfast Met has a strong track record of sound financial management that has positioned us strongly for the current operating environment. We will achieve a financially sustainable business model through co-ordination of budget setting and monitoring processes and provision of reports and analysis on financial performance and viability. Underpinning this enabler are the following objectives:

- Meet the targets set by our funding Department and live within our budget allocation.
- Secure and protect recurrent grant income – recruit, retain and ensure success of FE and HE learners and seek to be funded at an appropriate level to deliver this provision.
- Increase income from non-recurrent grant sources, maximising the contribution to College overheads and using this to further the College's strategic objectives and investment priorities.
- Operate with a strong budgetary control framework, understood by managers, and meet our contractual obligations in the Management Statement / Financial Memorandum.
- Promote innovation and entrepreneurship within an efficient and effective organisation.

Performance indicators

The College's corporate outcomes framework translates Belfast Met's ambitions and plans into a set of outcomes and supporting Key Performance Indicators (KPIs). The outcomes framework embeds the principles of outcomes based accountability by setting out what we want to achieve for the College, and how we will understand progress.

Our strategy is aligned to key government policies and most especially, the Northern Ireland Programme for Government. We have identified 7 outcomes and 14 indicators where we can make a very direct contribution. These relate to the following broad areas:

- Promoting economic growth.
- Creating a highly skilled workforce.
- Generating job opportunities.
- Widening economic participation.

The College has formulated 11 KPIs which are used to quantify the main changes we would expect to see as outcomes are achieved.

Our performance indicators are monitored each quarter against the following five level colour systems to review progress towards achieving our corporate objectives.

	On Track / Achieved / Completed
	Slippages / Areas Being Monitored
	Significantly behind Schedule / Low Level Monitoring
	Not Yet Started / Reports or Data Not Yet Available
	Exceeded / Over Achieved

A detailed breakdown of the College key performance indicators for 2016/17 is illustrated overleaf.

Performance Indicator	Target	Actual Outcome	RAGBP
1. Learner achievement rates	87.3%	2016-17 year-end position is 87.3%.	
2. Learner retention rates	88.7%	2016-17 year-end position was 90.15%, excluding Essential Skills.	
3. Learner Success Rates	75%	2016-17 year-end position is 78.4%.	
4. % of learners employed or in further study / training upon completion of a course at Belfast Met.	Baseline	Findings from the 2014-15 survey indicated that 80.2% of former Belfast Met learners were employed or in further study/ training.	
5. % of teachers appraised as providing good or better teaching and learning experiences	100%	Of those teaching staff appraised 100% were graded as good or better.	
6. Students overall satisfaction	90%	The March 2017 student survey indicated an overall student satisfaction figure of 94%.	
7. Stakeholders overall Satisfaction	80%	We plan to conduct a Stakeholder Satisfaction Survey early in 2017-18.	
8. Maintain levels of inclusion across Section 75 categories	30%	48.7% of those who live in Belfast come from Quintile 1.	
9. Live within our budget allocation	Breakeven	The College returned a deficit of £4m compared to the £3.95m deficit as estimated in the College Development Plan.	
10. Growth in non-Flu (Funded Learning Unit) income	Baseline £9.83mn +1.5%	The year-end position was £661k lower than had been originally been budgeted for 2016-17 however this yielded a significantly higher contribution of c£700k.	
11. Investment in IT/Estate/Staff Development	Increased level of student and staff satisfaction	92.2% of students thought that College IT (including PCs, printers, software, Wifi etc.) had either stayed the same or improved since Sept 2016. The October 2016 Learner Satisfaction Survey showed that student satisfaction with our Estate provision had either stayed the same or improved across the three main sites, when compared to satisfaction levels this time last year.	

In summary at the end of 2016/17:

- Ten of the College's 11 KPIs have been achieved or exceeded.
- None of the College's 11 KPIs were not met and continue to be monitored closely.
- Data is not yet available for the Stakeholders overall satisfaction.

FINANCIAL POSITION

Financial Results

The Belfast Met Group generated an operating deficit in the year of £3.7m (2015/16 – deficit of £1.3m), stated after accounting for the disposal of fixed assets. The College returned a deficit of £4m compared to the £3.95m deficit as estimated in the College Development Plan; the variance of 1.7% is deemed immaterial. The College closely monitored income and expenditure throughout the year to ensure the target was achieved and the consolidation of the subsidiary companies further improved the overall position.

The Group income for the year was £58.2m, a decrease of £1.4m (2.3%) from 2015/16. This variance is explained by a reduction in DfE recurrent funding, £914k, a reduction in Education contracts, £424k and tuition fees, £504k, offset by an increase in income, £340k, in SEV Ltd.

The Group expenditure for the year was £61.9m, an increase of £1m (1.7%) from 2015/16. This variance is explained by a slight increase in staff costs, £179k (£746k (2.2%) after adjusting for fundamental restructuring costs incurred last year), an increase in operating expenses of £385k, an increase in depreciation costs of £328k and interest costs of £115k.

The College has significant reliance on the Department for the Economy (DfE) for its principal funding source, largely from recurrent grants. In 2016/17, DfE provided 57% of the College's total income through allocated recurrent grant (2015/16 57%). This represented 22.8% of the total recurrent grant available to the sector.

Subsidiaries

Belfast Met operates two wholly owned subsidiary companies, Springvale Educational Village Limited (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 centre around 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 surplus of £350k in the year (2015/16 surplus £10k). This improvement is mainly attributable to an accounting adjustment of £255k that reduced the revaluation reserve and increased the income from deferred grant release following a revaluation of the assets. There is no overall impact on the total reserve movement for the year.

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 £27.5k in the year (2015/16 decrease of £17k).

Reserves

The College group has accumulated reserves of £27.2m and cash balances of £3.7m. The balance on reserves has increased from £20m in 2015/16, a net increase of £7.2m. There has been a significant improvement in the total comprehensive income for the year due to the actuarial gain in respect of the pension scheme of £7,624k (2015/16 an actuarial loss of £9,517k). This is due to an improvement in the valuation of pension assets as the financial and demographic assumptions have been revised and the investment returns are higher this year.

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 has a treasury policy the objectives of which are:

- to optimise returns to the College taking into account the College's working capital and cash flow requirements;
- to protect the capital value of College funds taking due regard for the related risks, specifically security and liquidity risk;
- to ensure the College has proper financial controls in place to safeguard its assets; and
- to ensure that processes are in place to secure value for money.

The College regularly reviews its investment strategy in the context of these objectives, projected cash flows and market conditions. The investment strategy complies with the Management Statement / Financial Memorandum agreed with the Department for the Economy.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

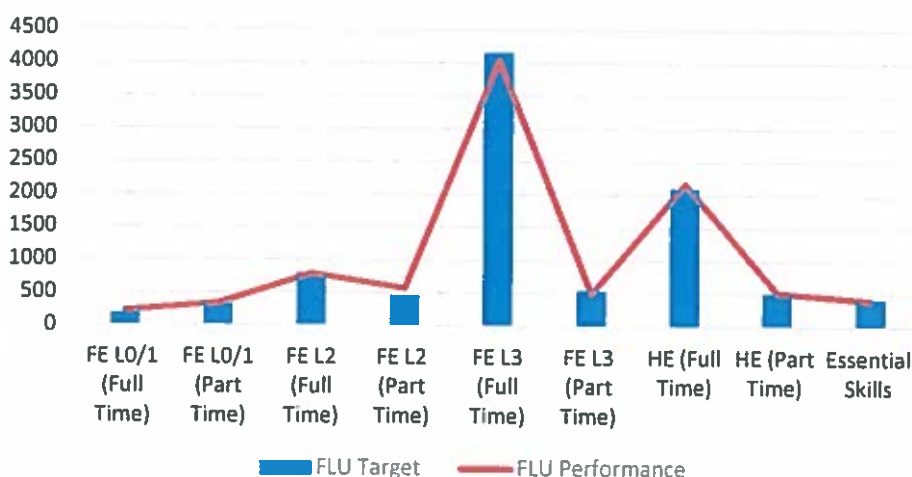
Our students sit at the very heart of our dual mandate of supporting both economic development and social inclusion. This is reflected in the range of our provision as well as the demographics of our learners.

FLU Performance against CDP

A breakdown of FLUs by FE full time/part time, HE full time/part time and Essential Skills is provided below. As at the end of July 2017, 9,547 FLUs enrolled against a target of 9,510. Our Quarter 4 position was 37 FLUs ahead of full year CDP target.

	FLU Target	FLU Performance
FE L0/1 (Full Time)	188	224
FE L0/1 (Part Time)	325	341
FE L2 (Full Time)	805	791
FE L2 (Part Time)	454	572
FE L3 (Full Time)	4,156	4,036
FE L3 (Part Time)	539	494
HE (Full Time)	2,100	2,173
HE (Part Time)	513	514
Essential Skills	430	402
Total FE + HE + Essential Skills	9,510	9,547

FLU Performance Against Target Q4 2016-17



Student achievements

Table: College Performance Data 2014/15-2016/17

Year	Retention %	Performance Level %	Achievement %	Performance Level %	Success %	Performance Level %
2014/15	86.92	Very Good	86.21	Very Good	74.93	Good
2015/16	88.90	Very Good	87.08	Very Good	77.42	Good
2016/17	89.80	Very Good	87.30	Very Good	78.40	Very Good

(Sourced from QlikView September 2017)

The Table above demonstrates that retention rates have increased by 1 percentage point (pp) to almost 90% in 2016/17; this retention rate is at a three year high and is on the cusp of outstanding.

Achievement rates have increased year on year and remain very good at 87%, having increased by under 1pp in the last year and having increased year on year for the last three years.

Success rates also increased again in 2016/17 and remain good; they are now 78% representing a 1pp improvement in the last year and are at a three year high having improved by 4pp over the three year period.

Student Awards

Our students succeeded in scooping no fewer than 35 awards over the course of 2016/2017. The College is immensely proud of these achievements and it is hugely gratifying to see the outstanding work and talents of our learners recognised externally.

The variety of the awards reflect the rich diversity of our student population as well as the range and breadth of our provision.

Highlights include The British Barbers' Association, National Student Barber of the Year 2017, BTEC Music Student of the Year 2017, 2 gold medals and a silver medal at UK WorldSkills 2016, PQ Magazine Accountancy Apprentice of the Year 2017 and The National Career Ready Student of the Year 2017.

Curriculum developments

Highlights of curriculum developments over the course of the year are set out below.

Curriculum Review

The College conducted an extensive review of its entire provision in 2015/2016 and therefore began the new academic year confident that we were providing our learners with a curriculum that was finely tuned to both current and projected economic demands.

We follow a process of continuous review and constantly refresh our curriculum to ensure it keeps pace with changing economic and skills demands. This is carried out at a number of different levels within the College, each led by the Director of Curriculum.

Rigorous monitoring of performance is achieved through a robust performance management framework. This includes annual strategic reviews at which departments (both academic and support)

are required to demonstrate their effectiveness, share their achievements/challenges and discuss their plans for the future.

The focus on remaining relevant is embedded in our Corporate Plan and comprises one of our four strategic objectives.

Launch of the Belfast Business School

The Belfast Business School brings together curriculum and business development services under the one brand. With over 120 full and part-time staff members, including a growing number of experienced industry practitioners, the new Business School offers full-time and part-time professional programmes aimed at providing individuals with the skills and knowledge required to drive economic growth in Northern Ireland.

As well as the College's current offer in professional programmes covering areas such as accounting and finance, business administration, human resource management, digital marketing and procurement, the Business School also works in partnership with local businesses to deliver bespoke programmes aimed at upskilling and reskilling employees in areas including consulting, project management and leadership and management development. Among its many innovations, is the March 2017 launch of the ILM Level 7 Certificate in Leadership & Management.

Curriculum Expansion

The curriculum expanded across a number of areas in 2016/2017. This included the introduction of new Higher Level Apprenticeships (HLAs), Youth Training Pilots, Access courses, an increase in the number of Academies, as well as growth in provision through our work with the Northern Ireland Prison Service.

Teaching and Learning Mentor programme

This was a new initiative in 2016/17, which focuses on raising Teaching Excellence across all our academic schools. This programme involves recruiting, developing, coordinating and supporting 10 Teaching and Learning Mentors (TALMs) based in the academic schools, supported by our Centre for Excellence Teaching and Learning Co-ordinator.

Payment performance

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

During the accounting period 1 August 2016 to 31 July 2017, the college paid 97.5% of its invoices within 30 days (2015/16 95%). 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 2016 to 31 July 2017, the college paid 79% of its invoices within 10 days. (2015/16 77%)

Post balance sheet events

No post balance sheet events have occurred that require changes to amounts or disclosures in the financial statements.

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.

Future developments

The College recognises a number of challenges that are likely to have an impact on Belfast Met's future development, performance and position. It should be noted that many of these are challenges for the FE sector as whole.

- Implementation of major FE reforms.
- Positioning FE as key driver of skills and professional education, and key to Northern Ireland success.
- Accessing Apprenticeship Levy (including public sector).
- Alignment of Post Primary and FE Offer.
- A decline in the number of 16-19 year olds in Belfast, i.e. projected to decrease by 255 (-1.4%) from 18,813 to 18,558 over the 2014-24 period.
- Delivering a new approach based on collaboration and Outcome Based Accountability.
- The yet to be determined impact of BREXIT.

RESOURCES

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

Estate

The College has consolidated estate as at 31 July 2017 consisting of freehold land valued at £11m and buildings valued at £21m. The estate includes campuses at:

Campus	Net Book Value
Titanic Quarter – building under a PFI agreement	£42.4m
Millfield – building under a PFI agreement	£29m
Castlereagh	£7m
e3	£12.8m
Tower Street*	£0.2m
Whiterock*	Rented
Riddell*	£0.1m
SEV Ltd	£0.6m

* Marked for divestment

The College also operates a number of outreach centres across Belfast and the wider area. The College's estates strategy seeks to consolidate activity on 4 main campuses, TQ, Millfield, Springvale and Castlereagh, supported by up to 6 satellite sites and work towards this model is ongoing.

Financial

The consolidated net assets at 31 July 2017 were £27.2m (2015/16 £20m). This includes £17.2m pension liability (2015/16 £23.4m), and a debtor of £1.034m on PFI prepayments (2015/16 £1.137m).

People

The College employs 765 people (expressed as full-time equivalents), of whom 400 are teaching staff. Staff absenteeism for the period 1 August 2016 to 31 July 2017 was 3.07% (2015/16 3.48%), the average total days lost at the College are 7.64 days per head (2015/16 9 days).

Reputation

Belfast Met has a good reputation locally and nationally. The College understands the importance of building and sustaining a valued reputation and, in fact, we have identified this as one of our four strategic objectives. The following summarises some of the ways in which we have built our reputation during 2016/2017.

ETI Inspections

Achieving consistently good outcomes from inspections. For example, **ETI: Manufacturing Skills for Industry**

Grade: Outstanding

"The programme is well designed and participants have the opportunity to avail of a range of training and support opportunities. The quality of the directed training provided was recognised as very good characterised by a supportive learning environment. Learner progression into employment is outstanding."

Media Coverage

Achieving high levels of positive media coverage, i.e. we attracted an Advertising Value Equivalent (AVE) of £1,183,941 in 2016/2017 – an increase of £891,678 from the previous year.

Political Engagement

The College undertook a busy programme of political engagement in 2016/2017 to build understanding and support for our role as an NDPB within the Department for the Economy. This involved members of our executive team briefing Belfast political representatives. The programme proved effective in building our reputation among a key stakeholder group, and highlighting our role in advancing government policies such as the Programme for Government and the NI Economic Strategy.

Branding

Developing brand identities and associated marketing collateral for each of the five new schools and holding stakeholder launch events for each.

PRINCIPAL RISKS AND UNCERTAINTIES

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 Committee and senior management on a quarterly basis. Our Corporate Risk Register records details of all the risks identified for the College including:

- A description of each risk and their causes and effects;
- An assessed risk score based upon the probability and impact of the risk;
- Name of the individual who has been given the authority to manage a particular risk;
- Actions and controls that currently exist to mitigate risks;
- Direction of travel since previous quarter; and
- Current risk status.

The most recent review of our Corporate Risk Register was undertaken in summer 2017. This register contained 12 corporate risks that may prevent the College from achieving the aims and objectives set out in the Corporate Plan.

Where possible the risks are eliminated, but where this is not possible, actions are taken to ensure these risks are controlled and the likelihood of them being realised are reduced as far as is reasonably practical.

Risk Category	Risk Description
A1. Financial viability/ financial constraints/ funding	Failure to ensure financial viability within increasingly uncertain economic and political pressure.
B1. Estates	Failure to provide suitable accommodation to enhance an efficient learning environment across all of our estate.
C1. Training contracts and other contracts	Failure to understand the impact of Youth Training and Apprenticeship reform.
C2. Training contracts and other contracts	Failure to establish effective partnerships to deliver income and progression.
D1. Recruitment and/ or enrolment	Failure to meet the agreed targets in relation to planned curriculum provision.
E1. Quality – retention, achievement, success and performance measurement	The College does not meet the expected standards of quality and performance measurement.
F1. Information technology and data management	Non-availability of College support infrastructure and systems.
F2. Information technology and data management	Non-availability of sector support infrastructure and systems e.g. NICIS, SERC and STS.
F3. Information technology and data management	Inability to maximise the use of technology.
G1. Corporate Governance	Non - compliance with policies, procedures and statutory requirements.
H1. Staffing	The College does not have an appropriate mix of suitability skilled staff and delivery models to support delivery of the corporate plan.
I1. External Issues	Failure to respond to external factors e.g. changing demographical policy and educational landscape.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and universities, Belfast Met has many stakeholders. These include:

- learners;
- the Department for the Economy;
- staff;
- media;
- local employers (with specific links);
- local authorities;
- Government Offices / Regional Development Agencies;
- the local community;
- schools;
- other FE institutions;
- European partners;
- trade unions; and
- professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College internet site and by meetings.

The College considers good communication with its staff to be very important and holds regular meetings. Belfast Met encourages staff and student involvement through membership of the Governing Body.

Learners

Our learners are our first and highest priority. Belfast Met conducts two major surveys in each academic year that are open to all College students. The aim of the surveys is to gather feedback at course level, in order to identify areas for improvement and also highlight areas of good practice at both College and course level. The spring 2017 Learner Survey recorded the best response rate for the survey to date with 35% of learners giving their views on the quality of teaching and learning, College staff and assessments, as well as what they think of IT and the libraries. The results give a wealth of open and honest learner feedback that can inform course teams and support the SER process.

The survey indicated an overall student satisfaction figure of 97%, which is seven percentage points above our annual student satisfaction targets of 90%.

Highlights from the survey are included overleaf.

Overall Satisfaction with the College



Staff

The leadership team recognises that it will be difficult for Belfast Met to achieve its ambitions and plans without staff feeling personally involved in the College's progress, challenges and successes. The College has therefore begun work in seeking to enhance levels of employee engagement.

Developments over the course of the year include:

- Designing and implementing an independently managed employee engagement survey.
- Hosting an employee-recognition event based on our new set of organisational core values.
- Developed recommendations and commencing work in designing and delivering a new, significantly improved College intranet.
- Running a busy programme of independently facilitated staff workshops aimed at formulating an employee-driven and endorsed behaviours framework.

Schools

The College works in partnership (the Schools Partnership Programme) with local Belfast schools through the local Area Learning Communities (ALCs) of North, South, East and West Belfast. The College has developed a Post Primary School Engagement Plan, which proposes further methods to bring a more co-ordinated approach, fine-tuning the current level of positive engagement with the school's sector.

The College is seeking to play a key and central role in the ALCs, not just at principal level but also at sub- group level, as there are opportunities for the College to work more collaboratively.

FE Sector Collaboration

At the FE sector level, the College is fully and actively engaged. For example, the College is leading sector efforts to build greater collaboration and develop best practice for HE in FE. This was the subject of a Centre for Excellence led conference that took place in spring 2017.

European Partners

Belfast Met enjoys productive working relationships with a host of international and European partners. A notable achievement of the 2016/17 year is an Erasmus+ Key Action 2 Co-operation for Innovation award and the Exchange of Good Practices Strategic Partnership for Vocational Education funding of over a quarter million euros.

Belfast Met is leading on the two-year project, working with a further five partners, including H2 Learning Limited in Dublin, City of Dublin Education and Training Board (CDET), Koning Willem 1 College in Netherlands, Tartu Kutsehariduskeskus in Estonia and IEFPS Usurbil GLHBI in Spain.

The project will develop and pilot a new blended-learning model that will allow Visual Enhancement Training (VET) organisations to offer courses that better meet the needs and demands of their learners and employers. It will also design and implement a series of blended-learning VET approaches aimed at modernising learning, teaching and assessment practices across five partner countries.

Equal opportunities and employment of disabled persons

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

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

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

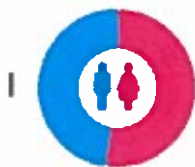
The College is committed to the fulfilment of its Section 75 obligations in all parts of its organisation. The College is committed to allocating necessary resources to ensure that the statutory duties are complied with and that the measures within the Equality Scheme to promote equality of opportunity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

The infographic overleaf provides information on the demographic profile of our learners.

Learners at Belfast Met 16/17



15,957 learners enrolled on 30,562 courses (Source: CDR)



Gender

50% of our students were male and 50% were female compared to 2015/16 when 47.4% were male and 52.6% were female

Age

37.4% of our students were aged 16-19, a further 21.3% were 20-25 years old and 26-45 year olds accounted for 27.9%



Ethnic Origin

(of those who stated their Ethnic Origin)

93.4% stated their Ethnic Origin as White, 4.0% were Asian and Black and 2.6% were Mixed and Other

Disability

8.7% of our learners had a disability of whom, 45.7% had a specific learning disability, e.g. dyslexia



Where Learners Come From



53.3% of learners came from Belfast, 12.6% from Lisburn & Castlereagh and a further 10.7% from Antrim & Newtownabbey

29.7% of all learners lived in the top 20% most deprived areas in NI (Quintile 1 NIMDM) with 24.4% coming from a Quintile 5 area (the least deprived)

The College continues to raise awareness about its legal obligations to promote equality of opportunity and good relations and embed this into the curriculum.

- The College delivered a programme of engagement activities to over 30 community organisations and is in contact with over 80 groups on a regular basis. This activity includes meetings, facilitated college tours, training, communication of activities, assistance with progression of their clients onto college programmes and addressing any issues encountered by their clients when accessing services.
- The College has established a working group to look at ways to improve access to Level 2 provision in the college. This is aimed primarily for those who progress from training organisations and community groups delivering ESF funded programmes and who experience multiple barriers that prevent participation in education.
- The College is an anchor tenant at the recently opened Girdwood Community Hub, located in one of the City's most deprived wards.
- The College engaged with a number of large employers to deliver Essential Skills in the workplace to adults who have poor literacy and do not have a GCSE in English or equivalent qualification.
- The student admissions procedure takes account of the protected characteristics of all applicants. We have introduced a separate enrolment process for transgender students in the College and delivered staff training on transgender issues through our Centre for Excellence.
- Collaboration with the NI Housing Executive on apprenticeships and on a collaboration with the Princes Trust under Peace IV Children and Young people strand.
- The College participates on the Lifelong Learning Subgroup of the Belfast Strategic Partnership and played an integral role in the development of a Festival of Learning for the City and will be involved in the City's bid for UNESCO City of Learning status announced by the Lord Mayor at the Festival launch in February 2017.
- Deliver of Essential Skills Literacy and Numeracy in schools to enhance the curriculum offered and the confidence levels of the pupils.
- Collaboration with SOS bus to provide transport to the college for asylum seekers who have no access to alternative funding.

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 in 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 (SENDO).

This Disability statement sets out Belfast Met's commitment to staff and students who have a disability. The principles, which underline the commitment, are:

- A policy of equal opportunity which seeks to ensure that staff and students who have a disability have equitable access as far as reasonably possible to the full range of facilities, services and aspects of College life.
- Creating an environment where those with disabilities are comfortable in disclosing their disability and are provided with opportunities to disclose at various stages throughout their time at the College.
- Providing access to the appropriate reasonable adjustments to enable those with disabilities to overcome any arrangements and/or physical features that make it difficult to access or participate in all aspects of College life.
- Preventing occurrences of unlawful direct discrimination, indirect discrimination, harassment and victimisation.
- Treating all staff and students with dignity and respect and seeking to provide a positive and safe working and learning environment.
- The responsibility to promote informed and constructive attitudes to disability.
- The recognition that fewer students with disabilities apply for academic courses at the College. The College therefore recognises its responsibilities to encourage an increase in the proportions of students with disabilities who apply and are admitted to the College, which is more reflective of the proportion of people with disabilities in the community.

Actions carried out to meet these objectives include:

- The College continues to make significant investment in the appointment of specialist lecturers to support students with learning difficulties and or disabilities.
- Specialist training on a variety of disabilities is provided to all staff during the academic year in addition to general SENDO training designed to raise awareness of our legal obligations to students with a disability.

- The College's online access guide through Disabled Go was reviewed and more detailed information on our premises is now available.
- Our Disability Action Plan identifies a series of actions for various staff in the College to meet our legal obligations under the amended DDA 1995 as stated above.
- Positive imagery is used in our promotional materials including College prospectuses and publications of people with a disability to encourage greater participation of those with a disability and to demonstrate the inclusivity of the College.
- The College has its own dedicated Centre for Supported Learning. The Centre has been extended significantly during 2016/2017 with the opening of a new, larger, fully equipped specialist facility in our Millfield campus.

Disclosure of information to auditors

These accounts are subject to audit by statute by the Comptroller and Auditor General for Northern Ireland.

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

Personal data related incidents

There were no personal data related incidents during the year 2016/17.

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

Bankers: Bank of Ireland
4-8 High Street
Belfast, BT1 2BA

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

Members

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

Name	Date of Appointment Re-appointment	Term of Office	Date of Resignation	Status of Appointment *	Committees Served ** ***	Governing Body Attendance ****
Frank Bryan Chairperson	A 26/10/15	25/10/19		BIP		6/6
Catherine Burns	A 01/08/15	31/07/19		BIP	CQE, HR	6/6
Kate Burns	A 01/08/15	31/07/19		BIP	A&R, CQE, RES	6/6
Kay Collins	A 01/08/15	31/07/19		BIP	A&R	6/6
Declan Crummey	A 07/06/17	06/06/21		Staff elected	CQE	1/1
Seamus Dawson	A 01/06/17	31/05/21		Co-opted	CQE, RES	1/1
Wendy Gillies	A 01/08/11 R 01/08/15	31/07/15 31/07/19		BIP	RES	5/6
Jim McCall	A 01/08/15	31/07/19		BIP	A&R, HR	4/6
John McGrillen	A 01/08/11 R 01/08/15	31/07/15 31/07/19		BIP	RES	2/6
Kathleen O'Hare	A 01/08/15	31/07/19		BIP	CQE, RES	3/6
Gary McCorkindale	A 28/10/16	30/09/17		Student elected	CQE	4/5
Sam Snodden	A 9/12/15	08/12/19		BIP	A&R, HR	6/6
Maureen Walkingshaw	A 28/02/17	27/02/21		Co-opted	HR, A&R, RES	1/2
Brian Wilson	A 01/08/15	31/07/19		BIP	CQE, HR	5/6
Marie Therese McGivern	Ms Marie-Thérèse McGivern by virtue of office of Principal and Chief Executive is a member of the Governing Body.					5/6
<i>The following either reached the end of their term office or resigned during the year.</i>						
Sam Hagen	A 27/11/08 R 27/11/12	26/11/12 26/11/16		Co-opted	A&R, HR,	2/2
David Taylor	A 03/12/08 R 03/12/12	02/12/12 02/12/16		Co-opted	RES	1/2
Norman Hamilton	A 16/05/12 R 16/05/17	15/05/16 31/03/17		BELB Nominee EA Nominee	A&R, CQE	3/4
Ciarán O'Grady	A 03/04/12 R 03/04/16	02/04/16 31/03/17		BELB Nominee EA Nominee	CQE, HR	4/4
Kevin McKeaveney	10/06/13	09/06/17		Staff elected	CQE, RES	3/5
Michael McCamley	10/06/13	09/06/17	27/01/17	Staff elected	RES	3/3

* Status of Appointment: BIP - Business, Industry Professional Category; BELB - Belfast Education and Library Board; EA - Education Authority

** Committees Served: A&R Audit & Risk; CQE Curriculum, Quality and Engagement; HR Human Resources; RES Resources. The memberships of these committees were rebalanced in year.

*** Committee memberships: These changed during the year as some governors stood down, joined or moved between committees.

**** Governing Body Attendance: 1st Figure shows attendance; 2nd figure shows number of meetings, which the person was eligible to attend.

For and on behalf of the members of the Governing Body


Frank Bryan, Chairperson


Date

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. Of these, six members are appointed in line with statutory requirements. The majority of members are appointed for a fixed period of up to four years and thereafter they may be re-appointed in accordance with the Code of Practice.

The remuneration of Governing Body members (excluding staff members) was first introduced by the Department from 1st January 2016. 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:

	2016-17				2015-16			
	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	10-15	0	0	10-15
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	0-5	0	0	0-5	0-5	0	0	0-5
Gary McCorkindale	0-5	0	0	0-5	0	0	0	0
Kathleen O'Hare	0	0	0	0	0-5	0	0	0-5
Sam Hagen	0-5	0	0	0-5	0-5	0	0	0-5
Norman Hamilton	0-5	0	0	0-5	0-5	0	0	0-5
Wendy Gillies	0-5	0	0	0-5	0-5	0	0	0-5
Ciaran O'Grady	0-5	0	0	0-5	0-5	0	0	0-5
David Taylor	0-5	0	0	0-5	0-5	0	0	0-5
Samuel Snodden	0-5	0	0	0-5	0-5	0	0	0-5
Olivia Hughes	0	0	0	0	0-5	0	0	0-5
Brian Wilson	0-5	0	0	0-5	0	0	0	0

The Principal/Directors and Senior College Staff

The Principal/Directors 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/Directors 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]

Senior Management	2016/17				2015/16			
	Salary £'000	Benefits in kind £'000	Pension benefits £'000*	Total £'000	Salary £'000	Benefits in kind £'000	Pension benefits £'000	Total £'000
MT McGivern (Director)	120-125	0	40-45	165-170	120-125	0	35-40	155-160
E Hartin (Chief Operating Officer – Reduced contract hours)	65-70	0	15-20	80-85	80-85	0	20-25	105-110
Damian Duffy (Director of Development)	85-90	0	20-25	105-110	85-90	0	20-25	105-110
Jonathan Heggarty (Director of Curriculum)	80-85	0	90-100	175-180	80-85	0	0	80-85
Gillian Magee (Interim Director of Transition)	70-75	0	21-25	95-100	75-80	0	70-75	145-150

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

Relationship between Remuneration of the highest paid Director and median remuneration of workforce

	2016/17	2015/16
Band of highest paid Director's total remuneration	£120k-£125k	£120k-£125k
Median total remuneration	£34,196	£34,746
Ratio	3.54	3.48

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

Senior Management	Accrued pension at pension age as at 31/7/17 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/7/17	CETV at 31/7/16	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
MT McGivern (Director)	85-90 plus lump sum of 0	2.5 to 3.0 plus lump sum of 0	1,546	1,445	101
E Hartin (Chief Operating Officer)	5-10 plus lump sum of 0	1.0 to 1.5 plus lump sum of 0	90	72	18
Damian Duffy (Director of Development)	5-10 plus lump sum of 0	1.5 to 2.0 plus lump sum of 0	105	84	21
Jonathan Heggarty (Director of Curriculum)	10-15 plus lump sum of 31	4.5 to 5.0 plus lump sum of 9.5 to 10.0	198	118	80
Gillian Magee (Interim Director of Transition)	15-20 plus lump sum of 15-20	1.0 to 1.5 plus lump sum of -0.5 to 0.0	180	162	18

Pension arrangements

Retirement benefits to employees of the college are provided by the Northern Ireland Teachers' Pension Scheme (NITPS) and the Local Government Pension Scheme for Northern Ireland administered by the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS). 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 1%.

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.

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.

Cash Equivalent Transfer Values

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

Governing Body

BELFAST MET

STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY FOR THE YEAR ENDED 31 JULY 2017

The Governing Body of Belfast Met is required to present audited financial statements for each financial year.

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

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

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

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

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

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

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

Approved by order of the Governing Body members on 21 November 2017 and signed on its behalf by:



Frank Bryan

Chair of Governing Body

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2017

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 2016-17 financial year and up to the date of approval of the Annual Report and Accounts. This Governance Statement has been prepared in accordance with guidance issued by the Department of Finance (DoF) and is aimed at supporting better governance and driving more consistent, coherent and transparent reporting.

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the College's aims and objectives set by the Governing Body, whilst 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.

My responsibilities as Chief Executive and Accounting Officer are set out in Managing Public Money Northern Ireland and the Management Statement / Financial Memorandum between the Department and the regional Further Education Colleges; I am accountable to the Department's Accounting Officer and the Northern Ireland Assembly.

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

College Governance and Management Structure

The current arrangements for further education in Northern Ireland were established by The Further Education (Northern Ireland) Order 1997 with colleges being self-governing incorporated bodies with effect from 1 April 1998. Based on this legislation, the Office for National Statistics, in 2010, reclassified colleges as part of Central Government. This has resulted in colleges being determined as Non-Departmental Public Bodies. From 1 April 2012 it was confirmed that for Northern Ireland, the Further Education colleges would be brought within the budgetary responsibility of the Department for the Economy and required to accord with the same budgeting and reporting disciplines as other Non-Departmental Public Bodies.

The Articles and Instruments established the Governance Framework. Further information on the Governance arrangements is provided below.

Membership of the Governing Body

In the main, the College's Governing Body comprises persons appointed by the Department under Article 10 and paragraph 2 of schedule 3 of "the Order", following a public competition. The Chairperson is appointed by the Minister, again following a public competition. The Department is largely responsible for recruiting governors with the final decision resting with the Minister.

The membership of the Governing Body is drawn from the following constituencies

- Business, Industry, Professional (10 members);
- Nominees of the Education Authority (2 members);
- Co-optees (2 members);

- Staff by election (2 members);
- Student Body by election (1 member); and
- Principal and Chief Executive Officer (ex officio).

During the year two co-opted, two nominated governors and an elected staff governor reached the end of their terms of office and stood down. A further elected staff governor resigned when leaving the employment of the college. At the time of writing the two co-opted governors have been replaced, while the appointment of new nominees awaits the resumption of normal business in the NI Assembly and the appointment of a DfE Minister. One elected staff governor took up post and an election for a second governor from the staff constituency will take place in September 2017.

The Governing Body is supported by four permanent committees comprising the Audit and Risk Committee (A&R), the Curriculum, Quality and Engagement Committee (CQE), the Human Resources Committee (HR) and the Resources Committee (RES). The Governing Body also has governors sitting on the Board of Belfast Met College Trust as Chairperson and Trustees and the Board of Springvale Educational Village Limited 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.

Attendance at Governing Body

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

	Governing Body	A&R Committee	CQE Committee	HR Committee	RES Committee
Frank Bryan (Chairperson)	6/6	6/6 i.e. 6 meetings attended out of a possible 6 meetings which the governor was eligible to attend during the year.			
Catherine Burns MBE	6/6		4/4	4/4	
Kate Burns	6/6	2/2	2/4		4/4
Kay Collins	6/6	4/4			
Declan Crummey	1/1		1/1		
Seamus Dawson	1/1		1/1		
Wendy Gillies	5/6				7/7
Jim McCall	4/6	2/3		3/4	
John McGrillen	2/6				1/6
Kathleen O'Hare	3/6		3/4		1/5
Gary McCorkindale	4/5				
Sam Snodden	6/6	3/4		4/4	
Maureen Walkingshaw	1/2	1/1		2/2	1/1
Brian Wilson	5/6		3/4	2/4	
Marie Therese McGivern	5/6	1/4			
<i>The following either reached the end of their term office or resigned during the year.</i>					
Sam Hagen	2/2	2/2		1/1	
David Taylor	1/2				3/3
Norman Hamilton	3/4	3/3	3/3		
Ciarán O'Grady	4/4		3/3	2/2	
Kevin McKeaveney	3/5		3/3		0/5
Michael McCamley	3/3				1/2

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

Information presented to the Governing Body

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 Secretary and reviewed by the Chairperson. 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 2016/17 and has commented favourably on the continuing improvements made in presentation and ease of use of data.

Role of the Chairperson, the P&CE and the Governing Body

The role of the Chairperson of the Governing Body is separate from the role of the College Principal and Chief Executive (P&CE), with the Governing Body over which the Chairperson presides, being responsible for the ongoing strategic direction of the College, and the P&CE responsible for its operational management. The Chairperson provides leadership, strategic support, and direction.

The main business of the Governing Body, in line with its Articles of Government, is to determine the educational character of the College and to ensure its overall wellbeing and financial solvency and to those ends the Governing Body approves all major developments and receives regular reports on the activities of the College and its subsidiary companies. All meetings were quorate. The College operates within a strong framework of regulation and guidance; it complies with all mandatory requirements and also aims to comply with established best practice.

The College's Management Structure

The management structure is based on principles of good organisational design and an established structure comprising Directorates led by the Director of Curriculum, the Chief Operating Officer, the Director of Development and the Director of Transition (fixed term), all reporting to the P&CE. This structure enables a compact Executive Team to exercise strategic and operational oversight on the College by means of clear lines of accountability.

Board performance and effectiveness

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

- Hosting a series of Learning & Development sessions within the Governing Body;
- Preparing for the changeover of several members and the induction of new members;
- Attending a range of internal and external training events, workshops and planning days; and
- Regularly evaluating the effectiveness of the meetings of the Governing Body and its Committees.

All board members are given induction 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 Committee

The Audit and Risk (A&R) Committee operates as an advisory body to the Governing Body and the Accounting Officer. The A&R Committee 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 A&R Committee met 4 times during the 2016/17 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 at the A&R Committee during the year 2016/17 were as follows:

- Internal Audit planning;
- Internal Audit reports including reviews of core financial systems, procurement, management of 3rd party contracts, student retention, safeguarding, and business case preparation;
- 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;
- A&R Committee annual report;
- Audit Committee Training;
- Direct Award contracts;
- Fraud, losses, and special payments;
- NI Assembly PAC reports;
- Hospitality notifications;
- DoF, DfE and other third party correspondence including updated Audit Code, Health Checks, circulars and DAO letters;
- Stewardship Statement;
- A&R Committee effectiveness evaluation.

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 Transition and the Centre Manager for Strategic Planning were in attendance.

Following each A&R Committee 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 A&R Committee, and the Chairs' committee also receives reports from the Chairperson of the A&R Committee.

Corporate Governance and Register of Interests

The College was in compliance with the following key pieces of guidance and best practice during the year ended 31st July 2017:

- Managing Public Money (NI);
- DfE and DoF guidance including the FE Code of Governance;
- Nolan Principles; and
- Good Governance Standards for Public Services.

The Governing Body's Instrument of Government and the aforementioned best guidance requires the establishment and maintenance of a Register of Interests. The Register is compiled by the Secretary to the Governing Body from individual Governor and Officer returns and circulated. At each meeting the Chairperson asks for any conflicts or potential conflicts of interest to be declared; where these have been declared these have been managed in accordance with best practice. The Register is available for public inspection by contacting the Secretary, c/o the Directorate, Belfast Metropolitan College, Titanic Quarter Campus, Level 2, 7 Queen's Road, Belfast BT3 9DT. There is an agreed Code of Conduct which incorporates the Principles of Public Life.

Control Environment

Progress against Internal Audit plan in 2016/17	Date due	Assurance
Core Financial Processes		
<ul style="list-style-type: none"> • Payment to creditors 	March 2017	Satisfactory
<ul style="list-style-type: none"> • Month end processes 	March 2017	Satisfactory
<ul style="list-style-type: none"> • Financial planning and budgeting 	March 2017	Satisfactory
Procurement	November 2017	Satisfactory
Management of 3 rd party contracts	November 2017	Satisfactory
Safeguarding	March 2017	Satisfactory
Student retention	June 2017	Satisfactory
Business case preparation	June 2017	Satisfactory
Estates strategy	September 2017	Satisfactory
Management of funded projects	September 2017	Satisfactory

Monitoring of Audit Recommendations

In addition to the scrutiny of individual audit reports by managers and members of the A&R Committee, the Centre Manager for Strategic Planning is responsible for compiling quarterly reports which track progress against all outstanding audit recommendations. These reports combine the above sources into one document and focus particular attention on priority one outstanding recommendations. The reports are reviewed by the Directors before being scrutinised by the A&R Committee.

The College's internal auditors have not identified any new priority 1 recommendations during the past four academic years. Historic priority 2 recommendations remain and these relate to accrued expenditure for PFI work at Titanic Quarter where ongoing activity is underway to outline the optimum way forward.

In total, including the historic issues, six outstanding internal audit recommendations remain, three priority 2, and three priority 3; these will be implemented in line with management responses.



Marie-Thérèse McGivern
Principal and Chief Executive
21 November 2017

Financial Statements

The Certificate and report of the Comptroller and Auditor General to the Northern Ireland Assembly
Consolidated Statement of Comprehensive Income and Expenditure
Consolidated and College Statement of Changes in Reserves
Balance Sheet
Consolidated Cash Flow Statement
Statement of Accounting Policies
Notes to the 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 for the year ended 31 July 2017 under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. The financial statements comprise: the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Belfast Metropolitan College's affairs as at 31 July 2017 and of its deficit for the year then ended;
- have been properly prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102); and
- have been prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for the Economy directions issued thereunder.

Opinion on regularity

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

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

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)). My responsibility under those standards are further described in the Auditor's responsibility for the audit of the financial statements section of this certificate. Me and my staff are independent of the Belfast Metropolitan College in accordance with the ethical requirements of the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

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

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

10/11/17
27/11/17

Other information in the annual report and accounts

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

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

Opinion on other matters

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

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

Matters on which I report by exception

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

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

Responsibilities of the Governing Body

As explained more fully in the Statement of Responsibilities of the Governing Body, the Governing Body is responsible for the preparation of the financial statements and being satisfied that they give a true and fair view, and for such internal control as the Governing Body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing Body is responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements


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

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

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

Report

I have no observations to make on these financial statements.


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

28 November 2017

**BELFAST METROPOLITAN COLLEGE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
AND EXPENDITURE
FOR THE YEAR ENDED 31 JULY 2017**

	Notes	2017 £'000	2016 £'000
INCOME			
Department for the Economy Income	1	46,912	47,446
Education contracts	2	932	1,356
Tuition fees and charges	3	8,353	8,857
Other grant income	4	409	527
Other operating income	5	1,561	1,360
Investment income	6	29	28
Total income		58,196	59,574
EXPENDITURE			
Staff costs	7	34,055	33,309
Fundamental restructuring costs	7	0	567
Other operating expenses	9	23,324	22,939
Depreciation	12	3,975	3,647
Interest and other finance costs	10	541	426
Total expenditure		61,895	60,888
Surplus/(deficit) before other gains/losses and share of operating surplus/deficit of joint ventures and associates		(3,699)	(1,314)
Gain/(loss) on disposal of assets		0	0
Surplus/(deficit) before tax		(3,699)	(1,314)
Taxation		0	0
Surplus/(deficit) for the year		(3,699)	(1,314)
Unrealised gain/(deficit) on revaluation of land and buildings		3,361	2,382
Actuarial gain/(loss) in respect of pension scheme		7,624	(9,517)
Change in fair value of hedging financial instruments		27	17
Total comprehensive income for the year		7,313	(8,432)
Represented by:			
Endowment comprehensive income for the year		0	0
Restricted comprehensive income for the year		0	0
Unrestricted comprehensive income for the year		7,313	(8,432)

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 AND COLLEGE STATEMENT OF CHANGES IN
RESERVES
FOR THE YEAR ENDED 31 JULY 2017**

GROUP

	Income and expenditure account		Revaluation reserve	Total excluding Non-Controlling Interest	Non-controlling interest	Total				
	Endowment						£'000	£'000	£'000	£'000
	Restricted	Unrestricted								
	£'000	£'000	£'000	£'000	£'000	£'000				
Balance at 1 August 2015	268	0	(7,593)	0	0	28,416				
Surplus/(deficit) from income and expenditure statement	0	0	(1,314)	0	0	(1,314)				
Other comprehensive income	0	0	(9,517)	0	0	(7,135)				
Transfers between revaluation and income and expenditure account	0	0	0	0	0	0				
Transfer due to endowment asset investment	(17)	0	17	0	0	0				
Balance at 1 August 2016	251	0	(18,407)	0	0	19,967				
Surplus/(deficit) from income and expenditure statement	0	0	(3,699)	0	0	(3,699)				
Other comprehensive income	0	0	7,624	0	0	10,985				
Transfers between revaluation and income and expenditure account	0	0	107	0	0	0				
Transfer due to endowment asset investment	(27)	0	0	0	0	(27)				
Total comprehensive income for the year	(27)	0	4,032	0	0	7,259				
Balance at 31 July 2017	224	0	(14,375)	0	0	27,226				

**BELFAST METROPOLITAN COLLEGE
CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN
RESERVES
FOR THE YEAR ENDED 31 JULY 2017**

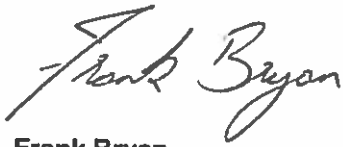
COLLEGE

	Income and expenditure account		Revaluation reserve	Total excluding Non-Controlling Interest	Non-controlling interest	Total				
	Endowment						£'000	£'000	£'000	£'000
	Restricted	Unrestricted								
Balance at 1 August 2015	£'000	£'000	£'000	£'000	£'000	£'000				
Surplus/(deficit) from income and expenditure statement	0	0	34,313	0	0	27,063				
Other comprehensive income	0	0	0	0	0	(1,308)				
Transfers between revaluation and income and expenditure account	0	0	2,307	0	0	(7,210)				
Transfer due to endowment asset investment	0	0	0	0	0	0				
Balance at 1 August 2016	0	0	36,620	0	0	18,545				
Surplus/(deficit) from income and expenditure statement	0	0	0	0	0	(4,022)				
Other comprehensive income	0	0	3,425	0	0	11,049				
Transfers between revaluation and income and expenditure account	0	0	(107)	0	0	0				
Transfer due to endowment asset investment	0	0	0	0	0	0				
Total comprehensive income for the year	0	0	3,318	0	0	7,027				
Balance at 31 July 2017	0	0	39,938	0	0	25,572				

**BELFAST METROPOLITAN COLLEGE
BALANCE SHEET AS AT 31 JULY 2017**

		Group 2017	College 2017	Group 2016	College 2016
	Notes	£'000	£'000	£'000	£'000
Non-Current Assets					
Tangible fixed assets	12	105,718	103,613	103,695	101,773
Endowment Assets	20	224	0	251	0
		105,942	103,613	103,946	101,773
Current assets					
Stock		0	0	0	0
Trade and other receivables	16	6,401	6,681	6,542	6,912
Investments		0	0	0	0
Cash and cash equivalents	21	3,748	3,709	5,859	5,795
Total current assets		10,149	10,390	12,401	12,707
Less: Creditors – amounts falling due within one year	17	10,663	10,631	10,992	10,957
Net current liabilities		(514)	(241)	1,409	1,750
Total assets less current liabilities		105,428	103,372	105,355	103,523
Less: Creditors – amounts falling due after more than one year	18	60,951	60,549	61,970	61,560
Provisions:		0	0	0	0
Pension provisions	22	17,251	17,251	23,418	23,418
Other provisions	22	0	0	0	0
Net assets including pension liability		27,226	25,572	19,967	18,545
Restricted Reserves					
Income and expenditure account –restricted reserve		0	0	0	0
Unrestricted Reserves					
Income and expenditure – unrestricted reserves		(14,375)	(14,366)	(18,407)	(18,075)
Endowment Reserves	20	224	0	251	
Revaluation reserve		41,377	39,938	38,123	36,620
Total reserves		27,226	25,572	19,967	18,545
Total		27,226	25,572	19,967	18,545

The financial statements on pages 50 to 53 were approved by the governing body of Belfast Metropolitan College on 21 November 2017 and were signed on its behalf on that date by:



Frank Bryan
Chairperson of Governing Body
Belfast Metropolitan College



Marie-Thérèse McGivern
Accounting Officer
Belfast Metropolitan College

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

**BELFAST METROPOLITAN COLLEGE
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2017**

		2017	2016
	Note	£'000	£'000
Cash inflow/(outflow) from operating activities			
Deficit for the year		(3,699)	(1,314)
Adjustment for non-cash items			
Depreciation	12	3,975	3,647
Deferred Capital Grant released to income	1	(1,607)	(1,244)
(Loss)/gain on investments		0	0
Decrease/(increase) in debtors	16	141	1,934
Increase/(decrease) in creditors	17	(616)	(5,423)
Increase/(decrease) in pension provision	22	1,457	961
Increase/(decrease) in other provisions		0	0
Adjustment for investing or financing activities		0	0
Investment income	6	(29)	(28)
Net cash inflow from operating activities		(378)	(1,467)
Cash flows from investing activities			
Proceeds from sale of fixed assets		110	0
Deferred Capital Grants received		2,337	233
Investment income	6	29	28
Payments made to acquire fixed assets		(2,342)	(2,019)
Movement in endowment reserve	20	27	17
Cash inflows from financing activities			
Capital element of PFI lease rental payments		(1,894)	(1,755)
Repayment of amounts borrowed		0	0
(Decrease)/increase in cash and cash equivalents in the year			
Net funds at 1 August		5,859	10,822
Net funds at 31 July		3,748	5,859

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 ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2017**

Statement of Accounting Policies

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

Basis of preparation

These financial statements have been prepared on the going concern basis in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The 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).

Transition to the 2015 FE HE SORP

The year ended 31 July 2016 was the first year that the accounts were prepared under the 2015 SORP and FRS 102. Some of the FRS 102 recognition, management, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the College amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP.

Basis of accounting

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

Going concern

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

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

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

Basis of consolidation

The consolidated Financial Statements include the Belfast Metropolitan 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 2017.

STATEMENT OF ACCOUNTING POLICIES (continued)

Recognition of Income

Government Grants [accruals model]

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

Tuition Fees

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

Non-government Grants

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

Interest

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

Capital Grants (non-land grants) [accruals model]

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

Other Capital Grants

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

Capital Grants (land grants)

Capital government grants for land are accounted for in accordance with the performance model. The PFI grant from DfE represents its contribution to the total unitary charge payments made under PFI contracts and is credited directly to the Income and Expenditure Account in the year to which it relates.

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 ACCOUNTING POLICIES (continued)

Pension scheme

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

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

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

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

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

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 ACCOUNTING POLICIES (continued)

Tangible Fixed Assets

- **Land and buildings**

Land and buildings (including those inherited from the Education and Library Board) are stated in the balance sheet at valuation on the basis of depreciated replacement cost, 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 release to the income and expenditure account reserve on an annual basis. Land and buildings acquired since the last valuation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the college of 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.

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

- **Assets other than land and buildings**

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

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

Computers	- three years straight line
Motor vehicles	- four years straight line
Plant and equipment	- five years straight line
Fixtures & 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 balance sheet. The initial amount recorded for each is the fair value of the property or if lower, the present value of the minimum lease payments determined at the inception of the lease. Subsequently, the asset is depreciated over its useful economic life.

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

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

STATEMENT OF ACCOUNTING POLICIES (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, should be capitalised. Software integral to an item of hardware should be dealt with as fixed assets.

Foreign currency translation

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

Taxation

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

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

Liquid resources

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

Provisions

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

Agency arrangements

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

NOTES TO THE FINANCIAL STATEMENTS

1. DEPARTMENT FOR THE ECONOMY INCOME

	2017 £'000	2016 £'000
Grant In Aid Received from DfE		
Recurrent grant	33,172	34,086
Release of deferred capital grants	1,607	1,244
Additional Support funds	471	463
Minor works	0	0
Employer Support Program/Innovate Us	176	125
Care to Learn	0	0
Students with Learning Difficulties and/or Disabilities (SLDD)	500	471
Innovation Fund	205	166
Essential Skills in Schools	0	0
Private Finance Initiative (PFI)	6,531	6,502
Skills Focus	41	33
Other	101	647
Grant In Aid Items	<u>42,804</u>	<u>43,737</u>
Non-Grant in Aid received from DfE		
Education Maintenance Allowance administration	30	33
Assured Skills	783	470
Youth Training	1,647	1,667
Higher Level Apprenticeships	1,262	608
Level 3 Apprenticeships	386	350
Voluntary Exit Scheme income	0	581
Non-grant in aid items	<u>4,108</u>	<u>3,709</u>
Total DfE income	<u>46,912</u>	<u>47,446</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. Total income claimed in the year under this arrangement was as follows:

	2017 £'000	2016 £'000
Innovation fund income	<u>205</u>	<u>166</u>
Net income	<u>205</u>	<u>166</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. EDUCATION CONTRACTS

	2017 £'000	2016 £'000
Entitlement Framework	361	338
Training for Success	571	1,018
Total	932	1,356

3. TUITION FEES AND CHARGES

	2017 £'000	2016 £'000
Higher Education (HE) income	4,550	4,726
Home and other European Union	3,796	4,081
Non-European Union	7	50
Total	8,353	8,857

Tuition fees funded by bursaries

Included within the above amounts are amounts which fund bursaries of £59,387 (2016: £68,590)

4. OTHER GRANT INCOME

	2017 £'000	2016 £'000
European funds	102	203
Other funds	307	324
Total	409	527

5. OTHER OPERATING INCOME

	2017 £'000	2016 £'000
Catering and residence operations	649	548
Other income generating activities	685	583
Other income	227	229
Total	1,561	1,360

6. INVESTMENT INCOME

	2017 £'000	2016 £'000
Other investment income	22	10
Other interest receivable	7	18
Total	29	28

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. STAFF COSTS

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

	2017 No.	2016 No.
Teaching	400	381
Support	138	143
Administration	198	206
Premises	<u>29</u>	<u>31</u>
Total	<u>765</u>	<u>761</u>

Staff costs for the above persons

	2017 £'000	2016 £'000
Teaching	17,316	17,493
Support	3,967	4,136
Administration	10,358	9,595
FRS 102 adjustment	916	535
Premises	<u>1,498</u>	<u>1,550</u>
	34,055	33,309
Exceptional staff costs- VES	<u>0</u>	<u>567</u>
Total	<u>34,055</u>	<u>33,876</u>
Wages and salaries	27,852	26,853
Social security costs	2,180	1,825
Movement in pension	0	0
Other pension costs	<u>4,023</u>	<u>4,631</u>
	34,055	33,309
Contracted out staffing services	0	0
Exceptional staff costs –VES	<u>0</u>	<u>567</u>
Total	<u>34,055</u>	<u>33,876</u>

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	
	2017	2016	2017	2016
	No.	No.	No.	No.
£60,001 to £70,000	0	0	8	9
£70,001 to £80,000	1	0	9	4
£80,001 to £90,000	1	0	0	0
£90,001 to £100,000	1	3	0	0
£100,001 to £110,000	1	1	0	0
£110,001 to £120,000	0	0	0	0
£120,001 to £130,000	0	0	0	0
£130,001 to £140,000	0	0	0	0
£140,000 to £150,000	1	1	0	0
	<u>5</u>	<u>5</u>	<u>17</u>	<u>13</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 the Executive team, which comprises the Principal/Director/Chief Executive and Deputy Directors.

	2017	2016
	No.	No.
The number of senior post-holders including the Principal was:	<u>5</u>	<u>5</u>

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

	2017	2016
	£'000	£'000
Salaries	426	450
Pension contributions	<u>78</u>	<u>82</u>
Total emoluments	<u>504</u>	<u>532</u>

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

	2017	2016
	£'000	£'000
Salaries	121	122
Pension contributions	<u>21</u>	<u>22</u>
Total	<u>142</u>	<u>144</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

	2017 £'000	2016 £'000
Direct Teaching	1,645	1,294
Direct Support	4,222	4,192
Administration	3,368	2,949
Consultancy Fees	78	63
Premises	5,554	5,929
Unitary payments under PFI contract	4,974	4,887
Interest element of finance lease	3,483	3,625
Total	23,324	22,939

Other operating expenses include:	2017 £'000	2016 £'000
Auditors' remuneration:		
Financial statements audit (includes £28,500 in respect of the college – 2015/16 £28,500)	29	29
Internal audit (includes £27,761 in respect of the college – 2015/16 £10,327)	28	10
Hire of plant and machinery – operating leases	306	257

10. INTEREST AND OTHER FINANCE COSTS

	2017 £'000	2016 £'000
On bank loans, overdrafts and other loans	0	0
On finance leases	0	0
Net charge on pension scheme	541	426
Total	541	426

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 2016/17.

12. TANGIBLE FIXED ASSETS

Group	Freehold land & buildings £'000	Assets under construction £'000	PFI £'000	Plant & equipm't £'000	Computers £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation								
At 1 August 2016	31,740	0	71,997	3,944	4,601	147	229	112,658
Additions	1,040	0	150	920	382	0	0	2,492
Transfers	0	0	0	0	0	0	0	0
Surplus/(deficit) on revaluation	(1,372)	0	(756)	0	0	0	0	(2,128)
Disposals	(110)	0	0	(21)	(972)	0	0	(1,103)
At 31 July 2017	31,298	0	71,391	4,843	4,011	147	229	111,919
Depreciation								
At 1 August 2016	703	0	2,100	1,600	4,297	70	193	8,963
Charge for the year	750	0	2,191	737	239	29	29	3,975
Revaluation	(1,453)	0	(4,291)	0	0	0	0	(5,744)
Impairment	0	0	0	0	0	0	0	0
Elimination in respect of disposals	0	0	0	(21)	(972)	0	0	(993)
At 31 July 2017	0	0	0	2,316	3,564	99	222	6,201
Net book value at 31 July 2017	31,298	0	71,391	2,527	447	48	7	105,718
Net book value at 31 July 2016	31,037	0	69,897	2,344	304	77	36	103,695

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. TANGIBLE FIXED ASSETS

College

Cost or valuation	Freehold land & buildings £'000	Assets under construction £'000	PFI £'000	Plant & equipm't £'000	Computers £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
At 1 August 2016	29,810	0	71,997	3,796	4,601	147	229	110,580
Additions	1,040	0	150	920	382	0	0	2,492
Transfers	0	0	0	0	0	0	0	0
Surplus/(deficit) on revaluation	(1,547)	0	(756)	0	0	0	0	(2,303)
Disposals	(110)	0	0	(21)	(972)	0	0	(1,103)
At 31 July 2017	29,193	0	71,391	4,695	4,011	147	229	109,666
Depreciation								
At 1 August 2016	695	0	2,100	1,452	4,297	70	193	8,807
Charge for the year	742	0	2,191	737	239	29	29	3,967
Revaluation	(1,437)	0	(4,291)	0	0	0	0	(5,728)
Impairment	0	0	0	0	0	0	0	0
Elimination in respect of disposals	0	0	0	(21)	(972)	0	0	(993)
At 31 July 2017	0	0	0	2,168	3,564	99	222	6,053
Net book value at 31 July 2017	29,193	0	71,391	2,527	447	48	7	103,613
Net book value at 31 July 2016	29,115	0	69,897	2,344	304	77	36	101,773

Land and buildings were last subject to a full revaluation at 31 July 2017 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Service. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. TANGIBLE FIXED ASSETS

The net book value of tangible fixed assets includes an amount of £71,391k (2016: £69,897) in respect of assets held under finance leases.

	2017 £'000	2016 £'000
The depreciation charge for the year is analysed as follows:		
Owned assets	1,784	1,547
Assets held under finance leases and hire purchase arrangements	2,191	2,100
Total	3,975	3,647

13. SERVICE CONCESSION ARRANGEMENTS

The College has two on balance sheet arrangements (PFI buildings) where service delivery has commenced.

Movement in service concession arrangement assets

The asset value of the service concession included in the balance sheet as at 31 July 2017 is £71,391k (2016: £69,897k). The increase of £1,494k is due to depreciation being offset by additions and indexation.

Movement in service concession liabilities

The total liabilities relating to the service concession included in the balance sheet as at 31 July 2017 were £36,266k (2016: £37,997k). The sum of £1,731k 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 6-10 years	Total
Liability repayments	1,894	6,613	27,759	36,266
Finance charge	0	0	0	0
Service charge	0	0	0	0
	1,894	6,613	27,759	36,266

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. NON CURRENT INVESTMENTS

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

15. INVESTMENTS IN ASSOCIATES

The college does not have any investments in associates.

16. TRADE AND OTHER RECEIVABLES

	Group	College	Group	College
	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables	2,697	2,670	3,383	3,333
Deposits and advances				
Amounts owed by group undertakings:				
Subsidiary undertakings	0	310	0	422
Amounts due from Department	905	905	493	493
Advance payments in respect of PFI contracts	1,034	1,034	1,137	1,137
Prepayments and accrued income	<u>1,765</u>	<u>1,762</u>	<u>1,529</u>	<u>1,527</u>
Total receivables	<u>6,401</u>	<u>6,681</u>	<u>6,542</u>	<u>6,912</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Service concession arrangements	1,894	1,894	1,731	1,731
Payments received in advance	1,767	1,767	2,171	2,168
Trade payables	19	19	172	170
Amounts owed to group undertakings:				
Subsidiary undertakings	0	0	0	0
Taxation and social security	1,114	1,111	1,061	1,055
Accruals and deferred income	5,728	5,699	5,834	5,810
Other payables	8	8	5	5
Amounts owed to the Department	133	133	18	18
Total	<u>10,663</u>	<u>10,631</u>	<u>10,992</u>	<u>10,957</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 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Donations	0	0	0	0
Grant income	<u>1,312</u>	<u>1,303</u>	<u>1,201</u>	<u>1,193</u>
	<u>1,312</u>	<u>1,303</u>	<u>1,201</u>	<u>1,193</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Deferred income	26,579	26,177	25,704	25,294
Service concession liabilities due after one year	34,372	34,372	36,266	36,266
Total creditors after one year	<u>60,951</u>	<u>60,549</u>	<u>61,970</u>	<u>61,560</u>

19. BORROWINGS

(a) Bank loans and overdrafts

Bank loans and overdrafts are payable as follows:

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
In one year or less	0	0	0	0
Between one and two years	0	0	0	0
Between two and five years	0	0	0	0
In five years or more	0	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

(b) PFI Lease Creditor

The net finance lease obligations to which the institution is committed are:

	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
In one year or less	1,894	1,894	1,731	1,731
Between two and five years	6,613	6,613	7,696	7,696
In five years or more	27,759	27,759	28,570	28,570
Total	<u>36,266</u>	<u>36,266</u>	<u>37,997</u>	<u>37,997</u>

PFI obligations are secured on the assets to which they relate.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. ENDOWMENT RESERVES

	Restricted permanent £'000	Unrestricted permanent £'000	Expendable endowments £'000	2017 Total £'000	2016 Total £'000
At 1 August	0	251	0	251	268
Capital					
Accumulated income	0	251	0	251	268
New endowments	0	0	0	0	0
Income for year	0	2	0	2	2
Expenditure for year	0	(51)	0	(51)	(29)
(Decrease)/increase in market value of investments	0	22	0	22	10
At 31 July	0	224	0	224	251

21. CASH AND CASH EQUIVALENTS

	As 1 August 2016 £'000	Cash Flows £'000	At 31 July 2017 £'000
Cash and Cash equivalents	5,859	(2,111)	3,748
At 31 July	5,859	(2,111)	3,748

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. PENSIONS AND SIMILAR OBLIGATIONS

The Belfast Met 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

	2017 £'000	2016 £'000
NITPS: contributions paid	2,472	2,534
NILGOSC: contributions paid	1,541	1,555
NILGOSC: FRS 102 (28) adjustments	916	535
NEST: contributions paid	10	7
NILGOSC: charge to the Statement of Comprehensive Income (staff costs)	4,939	4,631
Enhanced pension charge to the Statement of Comprehensive Income (staff costs)	0	541
Total pension cost for the year	4,939	5,172

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 2014 and NILGOSC was 31 March 2016.

NITPS

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

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

The employer contribution rate increased to 17.7% from 1 April 2015.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

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

Salary	
Up to £26,259	7.4%
£26,260 to £35,349	8.6%
£35,350 to £41,914	9.6%
£41,915 to £55,549	10.2%
£55,550 to £75,749	11.3%
£75,750 and above	11.7%

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

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2017 by a qualified actuary.

Principal actuarial assumptions

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

	At 31 July 2017	At 31 July 2016
Rate of increase in salaries	3.5%	3.3%
Rate of increase for pensions in payment/inflation	2.0%	1.8%
Discount rate for scheme liabilities	2.6%	2.4%
Inflation assumption (CPI)	2.0%	1.8%
Commutation of pensions to lump sums	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 2017	At 31 July 2016
<i>Retiring today</i>		
Males	23.2	22.3
Females	25.8	24.8
<i>Retiring in 20 years</i>		
Males	25.4	24.5
Females	28.1	27.2

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 2017	Value at 31 July 2017 £'000	Long-term rate of return expected at 31 July 2016	Value at 31 July 2016 £'000
Equities	74.2%	45,536	72.1%	43,056
Bonds	11.1%	6,812	11.8%	7,047
Property	9.9%	6,075	12.3%	7,345
Cash	4.8%	2,946	3.8%	2,269
Total		61,369		59,717

Amounts recognised in the balance sheet

	2017 £'000	2016 £'000
Scheme assets	61,369	59,717
Scheme liabilities	(78,620)	(83,135)
Deficit in the scheme (net pension liability recorded within pension provisions)	(17,251)	(23,418)

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

	2017 £'000	2016 £'000
Amounts included in staff costs		
Employer service cost (net of employee contributions)	2,604	2,091
Curtailment cost	0	541
Total	2,604	2,632

NOTES TO THE FINANCIAL STATEMENTS (continued)

Analysis of pension finance income / (costs)

	2017 £'000	2016 £'000
Expected return on pension scheme assets	1,442	1,885
Interest cost	<u>(1,983)</u>	<u>(2,311)</u>
Net charge to other finance income	<u>(541)</u>	<u>(426)</u>

Analysis of Other Comprehensive Income for pensions

	2017 £'000	2016 £'000
Actuarial gains on pension scheme assets	(493)	4,592
Actuarial gains/losses on scheme liabilities		
Past service credit arising on change of pension increase assumption in year	<u>8,117</u>	<u>(14,109)</u>
Total Other Comprehensive Income	<u>7,624</u>	<u>(9,517)</u>

Movement in surplus/(deficit) during the year

	2017 £'000	2016 £'000
Surplus/(deficit) in scheme at 1 August	(23,418)	(12,940)
Movement in the year:		
Employer service cost (net of employee contributions)	(2,604)	(2,091)
Employer contributions	1,688	2,097
Past service cost	0	0
Curtailments	0	(541)
Net interest/return on assets	(541)	(426)
Actuarial gain or loss recognised in Other Comprehensive Income	<u>7,624</u>	<u>(9,517)</u>
Surplus/(deficit) in scheme at 31 July	<u>(17,251)</u>	<u>(23,418)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Asset and liability reconciliation

	2017 £'000	2016 £'000
Reconciliation of liabilities		
Liabilities at start of period	83,135	64,389
Service cost	2,604	2,091
Interest cost	1,983	2,311
Employee contributions	520	501
Experience gains and losses on scheme liabilities	0	0
Actuarial (gain)/loss	(8,117)	14,109
Benefits paid	(1,505)	(807)
Past service cost	0	0
Curtailments and settlements	0	541
	<hr/>	<hr/>
Liabilities at end of period*	78,620	83,135
 Reconciliation of assets		
Assets at start of period	59,717	51,449
Expected return on assets Interest Income	1,442	1,885
Actuarial gain/(loss)	(493)	4,592
Employer contributions	1,688	2,097
Employee contributions	520	501
Benefits paid	(1,505)	(807)
	<hr/>	<hr/>
Assets at end of period	61,369	59,717

The value of employer contributions for the year ended 31 July 2017 is £1.541m.

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 Government to assist with this requirement. The College's contributions to NEST are made on a defined contribution basis at 1%.

22 (b) Provision for Liabilities and Charges

The College had no other provision for liabilities and charges as at 31 July 2017.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. POST BALANCE SHEET EVENTS

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

24. SUBSIDIARY UNDERTAKINGS

Belfast Met has two subsidiaries, Springvale Educational Village Limited and Belfast Metropolitan 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 where the College is the lessee as follows:

	Group and College	
	2017 £'000	2016 £'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	58	155
Expiring within two and five years inclusive	0	58
Expiring in over five years	0	0
Total	58	213

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

	Group and College	
	2017 £'000	2016 £'000
Land and buildings		
Expiring within one year	2	2
Expiring within two and five years inclusive	7	7
Expiring in over five years	6	8
Total	15	17

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. CONTINGENT LIABILITY

The College has no contingent liabilities.

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 / Senior Manager	Company	Role	Transactions (AP/AR*) 2017 £'000	Transactions 2016 £'000	Amount outstanding at 31 July 2017 £'000	Amount outstanding at 31 July 2016 £'000
Very Rev Dr Norman Hamilton (end of office term 31/03/17)	Education Authority	Nominated to Belfast Met by BELB	19 & 1	0	0	0
Wendy Gillies	Landmark East	Employee of East Belfast Partnership which owns Landmark East	0	24	0	0
Jim McCall	NI Water	Non-Executive Director	63 & 1	123	0	0
Kathleen O'Hare	CCEA	Member	89 & 41	85	0	0
John McGrillen	Tourism NI	Chief Executive	1 & 1	2	0	0
	Belfast City Council	Director of Development (until 30 June 2015)	0	17	0	0
Maureen Walkingshaw	British Telecom	Employee	95	0	0	0
Brian Wilson	British Council	Employee	1 & 8	0	1	0
	CCEA	Member	89 & 41	0	0	0
Senior Managers						
Marie-Therese McGivern	Strategic Investment Board	Non-Executive Director	7	4	0	0
	Bombardier PLC	Non-Executive Director	0 & 58	0	0	0
Damian Duffy	N.I. Centre for Competitiveness	Board Member	0	8	0	0
Gillian Magee	RC2020	Executive Director	3 & 42	3	0 & 42	0

- AP/AR – Accounts Payable / Accounts Receivable

28. AMOUNTS DISBURSED AS AGENT: SUPPORT FUNDS

SUPPORT FUNDS

	2017 £'000	2016 £'000
DfE Grants	810	757
Interest earned	<u>0</u>	<u>0</u>
	810	757
Disbursed to students	(778)	(740)
Audit fees	<u>0</u>	<u>0</u>
Balance unspent at 31 July	<u>32</u>	<u>17</u>

	2017 £'000	2016 £'000
<u>CARE TO LEARN</u>		
DfE Grants	<u>26</u>	<u>57</u>
	26	57
Disbursed to students	(26)	(57)
Audit fees	<u>0</u>	<u>0</u>
Balance unspent at 31 July	<u>0</u>	<u>0</u>

29. LOSSES AND SPECIAL PAYMENTS

In the period 1 August 2016 to 31 July 2017 bad debts totalling £81,774 (15/16 £98,905) were written off, which were mainly student fees.

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	2017 £'000	2016 £'000
INCOME			
DfE income (non grant-in-aid items)	1	4,108	3,709
Education contracts	2	932	1,356
Tuition fees and charges	3	8,353	8,857
Other grant income	4	409	527
Other operating income	5	1,561	1,360
Endowment and Investment income	6	29	28
Total incoming resources		15,392	15,837
EXPENDITURE			
Staff costs	7	34,055	33,309
Fundamental restructuring costs	7	0	567
Other operating expenses	9	23,324	22,939
Depreciation	12	3,975	3,647
Interest and other finance costs	10	541	426
Total resources expended		(61,895)	(60,888)
Net deficit for the year		(46,503)	(45,051)
Unrealised surplus on revaluation of land and buildings		3,361	2,382
Actuarial gain /(loss) in respect of pension scheme		7,624	(9,517)
Transfer due to endowment asset investment		(27)	
Amount transferred to reserves		(35,545)	(52,186)

Analysis of reserves prepared under FReM

	2017 £'000	2016 £'000
Balance at 1 August	19,967	28,416
Grant-in-aid received in year	42,804	43,737
Net operating cost for year	(35,545)	(52,186)
Balance at 31 July	27,226	19,967

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