

smc 29/11/12-1



---

**Annual** Report  
and Financial Statements

**2011**  
**12**



---

# Annual Report Contents

Chief Executive Message

Our Journey

Our Strategic Directions

Our Customers

Curriculum Overview

Curriculum Performance

College Highlights And Student Successes

Equality, Diversity And Inclusion In Service Delivery

Economic Engagement

Stakeholder Engagement

Our Staff

Our Governors

Finance And Operating Review

Other Disclosures

Financial Statements



## CONTENTS

CHIEF EXECUTIVE MESSAGE.....	5
OUR JOURNEY .....	8
OUR STRATEGIC DIRECTIONS.....	12
OUR CUSTOMERS.....	15
CURRICULUM OVERVIEW.....	15
CURRICULUM PERFORMANCE .....	18
COLLEGE HIGHLIGHTS AND STUDENT SUCCESSES .....	23
EQUALITY, DIVERSITY AND INCLUSION IN SERVICE DELIVERY .....	27
ECONOMIC ENGAGEMENT.....	29
STAKEHOLDER ENGAGEMENT.....	31
OUR STAFF .....	34
OUR GOVERNORS .....	41
FINANCE AND OPERATING REVIEW.....	46
OTHER DISCLOSURES .....	52
FINANCIAL STATEMENTS .....	54
- FURTHER EDUCATION COLLEGE REMUNERATION REPORT	
- CORPORATE GOVERNANCE AND ACCOUNTABILITY	
- STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY	
- ACCOUNTING OFFICER'S REPORT TO THE GOVERNING BODY	
- CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDIT GENERAL TO THE NORTHERN IRELAND ASSEMBLY	
- CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT	
- CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS	
- CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	
- BALANCE SHEETS	
- CONSOLIDATED CASH FLOW STATEMENT	
- NOTES TO THE FINANCIAL STATEMENTS	

---

# Chief Executive Message



## CHIEF EXECUTIVE MESSAGE



As I reflect over the past twelve months, I am again reminded of the significant journey travelled to date in the evolution of Belfast Met. 2011/2012 represented the third year of implementation of the College Improvement Plan (CIP), one which has delivered extensive change and progress across a range of areas.

The College-wide restructuring exercise is nearing completion and has seen the appointment of a fresh, new Executive team and the launch of three dedicated faculties in the areas of Leadership, Science and Service Industries; Health, Care, Leisure and Skills for Life; and Technologies and Academic Studies, offering greater focus in establishing a fit-for-purpose curriculum offer.

The benefits of the re-engineering are rippling throughout the College and the results speak volumes. We have strengthened our overall sectoral position, moving from sixth place to fourth in just one year. Significant quality improvements include a 2% increase in retention, in addition to the award of a 'Confident' grade by ETI. The establishment of the 'Skills Matter' curriculum strategy for the current year until 2015, offers clarity and vision, outlining the development of seven key priority areas in which the College has significant capability and excellence.

Belfast Met's estate continues to expand and surpass sector standards, providing an unrivalled learning experience. The landmark Titanic Quarter campus was officially launched in November 2011 by HRH Princess Royal, and culminated in a series of cultural events celebrating diversity and inclusiveness at the College. This paved the way for a community engagement programme and family fun day to forge relationships with North and West Belfast residents ahead of the September 2012 official opening of the College's £18 million economic development building, e3, at the Springvale campus.

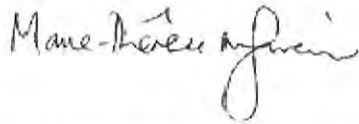
The essence of our business is transforming lives and as we continue to place our learners at the centre of everything that we do, it is with much pride that I reflect on their overwhelming achievements over the past year. The IFEX 2012 Awards crowned Jonjo Kyles 'Student Culinarian of the Year', whilst 2011/2012 saw Philip Green build upon his medal success, securing gold in bricklaying at WorldSkills. I have also had the privilege to share in a number of staff successes, demonstrating their passion and commitment to delivering excellence. Ed Adams was recognised as Deloitte Employability Skills Trainer of the Year, whilst Fashion and Textile's Patricia Isaacs, was awarded a City & Guilds Medal of Excellence. These represent a mere snapshot of the energy and talent which features in abundance at Belfast Met.

To complement the successes and achievements, a number of highlights have marked the College's calendar - it has indeed been a year of 'firsts' for Belfast Met. In December 2011, we held the inaugural 'Celebration of Achievement', a heart-warming ceremony which recognised the accomplishments of over 140 students from the Centre for Supported Learning. In addition to hosting the Lord Mayors of Belfast and Dublin, we also welcomed the President of Ireland, Michael D Higgins, to the Titanic Quarter campus in March 2012, where over 100 students showcased their work.

Integral to our mission is the College's contribution to the economic wellbeing of Belfast and Northern Ireland. We boast multiple industry collaborations, undertaking extensive employer engagement in the areas of business development and income generation; key priorities in driving the local economy. The College is heavily involved in the research, advancement and promotion of key growth sectors including renewable energies, composites and cloud computing. Our apprenticeships provision and schools partnership programme continue to thrive, whilst international relations and ventures show significant promise.



In summary, Belfast Met is forging ahead and breaking new ground in its journey towards recognition as a College of Excellence. The progress made however would not be possible without the contribution, dedication and commitment of our learners, staff, governors and partners, all of whom are instrumental in the achievement of our mission, values and strategic directions. I anticipate a great future and look forward to working with you all over the next year and beyond.



Principal and Chief Executive





# Our Journey



## OUR JOURNEY

### Where we were

Belfast Met has undergone significant change over recent years. A College Improvement Plan accepted by the College's Governing Body and the Department for Employment and Learning has allowed major organisational restructuring to take place in recent years. The new people structure aims to allow the College to meet its new vision, mission and strategic directions.

A new executive Team is now in place. The Principal and Chief Executive has now been joined by the Chief Operating Officer, Assistant Chief Executive / Director of Curriculum and a Director of Development and Learner Services. This has brought to the Executive Team a tremendous wealth of experience and skills drawn from the very best of the education and private sector worlds.

A new Senior Leadership Team is also now in place and this team has been drawn from both internal staff and new external appointments, bringing together a rich blend of experience and skills from within and outside the College. As part of the Senior Leadership Team reorganisation a new faculty structure has been created to support frontline service delivery and the new branded campus facilities of Titanic Quarter, Millfield, Springvale, Castlereagh and Whiterock.

Restructuring at middle management levels has also been completed. Restructuring of the support services will be completed by October 2012 which will provide the College with a fit for purpose people structure.

The development of our estate has paralleled the development of our structure. In September 2011, the College began delivering courses from its flagship Titanic Quarter campus. The campus was officially opened by HRH Princess Royal in November 2011 and has received a number of accolades including 'Environmental Project of the Year' at the Sustainable Ireland Awards 2011 and more recently has been shortlisted for the Times Education Supplement 2012 'Estate team of the Year'. City and Guilds have referred to the building as an 'Iconic Centre of Learning'. However, the most meaningful accolade has come from learners themselves who have universally praised the facilities and learning environment.

In April 2012, building work finished on time and on budget on the College's most recent facility, the £18 million ultra high-tech e3 economic development building at the Springvale campus. Funded by the Department for Employment and Learning (DEL) and the International Fund for Ireland (IFI), the multi-million pound e3 facility will enhance the **employability** skills of its students, stimulate **enterprise** through business incubation and programme development, and foster innovative approaches to **economic** development.

This 5,000 square foot facility, designed to accommodate up to 500 users on a daily basis provides industry-standard facilities, including:

- An animation and digital editing suite
- TV and radio production studios
- A hospitality training facility
- Professional training rooms
- Business incubation units
- Manufacturing and engineering facilities for product innovation
- Facilities for the testing and demonstration of renewable energy technology.



The quality of the offer remains firmly at the heart of our offer. As such significant resources have been dedicated to improving quality through the fundamental review and redesign of several core areas. The admissions and enrolment process, student retention policies and procedures and our approach to collating and enacting learner feedback have all been reviewed during 2011/12. Key points worth noting include:

- The College has achieved a marginal increase in retention in both further and higher education on the previous year
- QAA inspectors visited the College in February to review the HE provision: the feedback was largely positive with no 'essential' improvements identified
- ETI inspectors visited the College in March to review the College's approach to improving its FE provision: again the feedback was largely positive with a 'confident' status achieved in relation to the Whole College Quality Improvement Plan
- An ongoing programme of internal audits is in place and in the 2011/12 year all audits carried out received 'satisfactory' or above gradings
- Current analysis of the revised enrolments and admissions process would indicate that we are on track for 2012/13 enrolment targets.

### Where we are going

As we enter the final year of the College's three year Development Plan, twelve strategic objectives have been agreed as the focus for 2012/13. These objectives are inextricably linked and success will be determined by ensuring that focus and investment is balanced towards each; these strategic objectives are detailed in section three of this report.

We will also continue on our journey to further improve our financial position by meeting our enrolment and income targets and by continuing to identify savings and efficiencies. The College has a number of key relationships which impact significantly on its policy, its funding base and on its revenue generation opportunities and to support this process, a Stakeholder Engagement Strategy underpinned by tactical plans has been developed.

In 2011/12, with support from Governors, the College developed a new Curriculum Strategy. This strategy mirrors the priority growth sectors identified in the Northern Ireland Programme for Government 2011-20. This year, the offer will be tailored to the curriculum strategy ensuring learners are gaining skills and qualifications in key growth sectors, and further emphasis will be put on introducing blended learning opportunities.

In support of the Curriculum Strategy, the College will continue to build on the ongoing investment and developments in IT and Estate and Facilities Management.

Our people are the lynchpin of our success. With the consolidation of the complete reorganisation on the horizon, it is now time for the College to focus our priorities on what is required from our people and to realign this to our overall Mission, Core Values and Strategic Directions.



This College is on a journey to becoming a College of outstanding excellence. To support this journey the College recognises the value of its people and we realise that we will only be successful on this journey through our people. It is recognised that all our people are key to driving the College forward to achieve our ambitions. The creation and implementation of our College People Strategy will bolster our journey in achieving our success in reaching our ambitions and strategic Directions.

In 2012/13 as we move forward on our journey of collective ambition, we will continue to put the learner at the centre of everything we do to deliver a positive economic and social impact and a curriculum which is relevant to the learning community.

2011/12 was a year of building foundations; it was about stabilisation and sustainability. Now as we move into 2012/13 we will build on these solid foundations. Structures and strategies are in place. Commitment and resources have been identified to develop the leadership capabilities of all staff to create a culture of continuous improvement and one which will take Belfast Met on its journey to excellence.





**Our** Strategic Directions



## OUR STRATEGIC DIRECTIONS

In going forward the College continues to focus strongly on three core directions. These strategic directions and associated priorities have been developed to enable the College to deliver its vision and mission statement. These are outlined below:

### Vision

Outstanding Learning for Successful Futures.

### Mission

Belfast Met will be a centre of learning excellence, committed to transforming lives and contributing to the economic wellbeing of Belfast and Northern Ireland.

### Core Values

- we will excel in all we do, and provide outstanding learning opportunities in fit for purpose facilities;
- we will have proactive and real engagement with our learners, local employers and the wider community;
- we will maintain integrity, individual responsibility and accountability in all we do;
- we will respect and value all who work in and attend the College community; and
- we will be open, accessible and responsive with all those with whom we engage.

### Strategic Directions

#### The Learner

1. We will put the learner at the centre of everything we do.

#### Quality

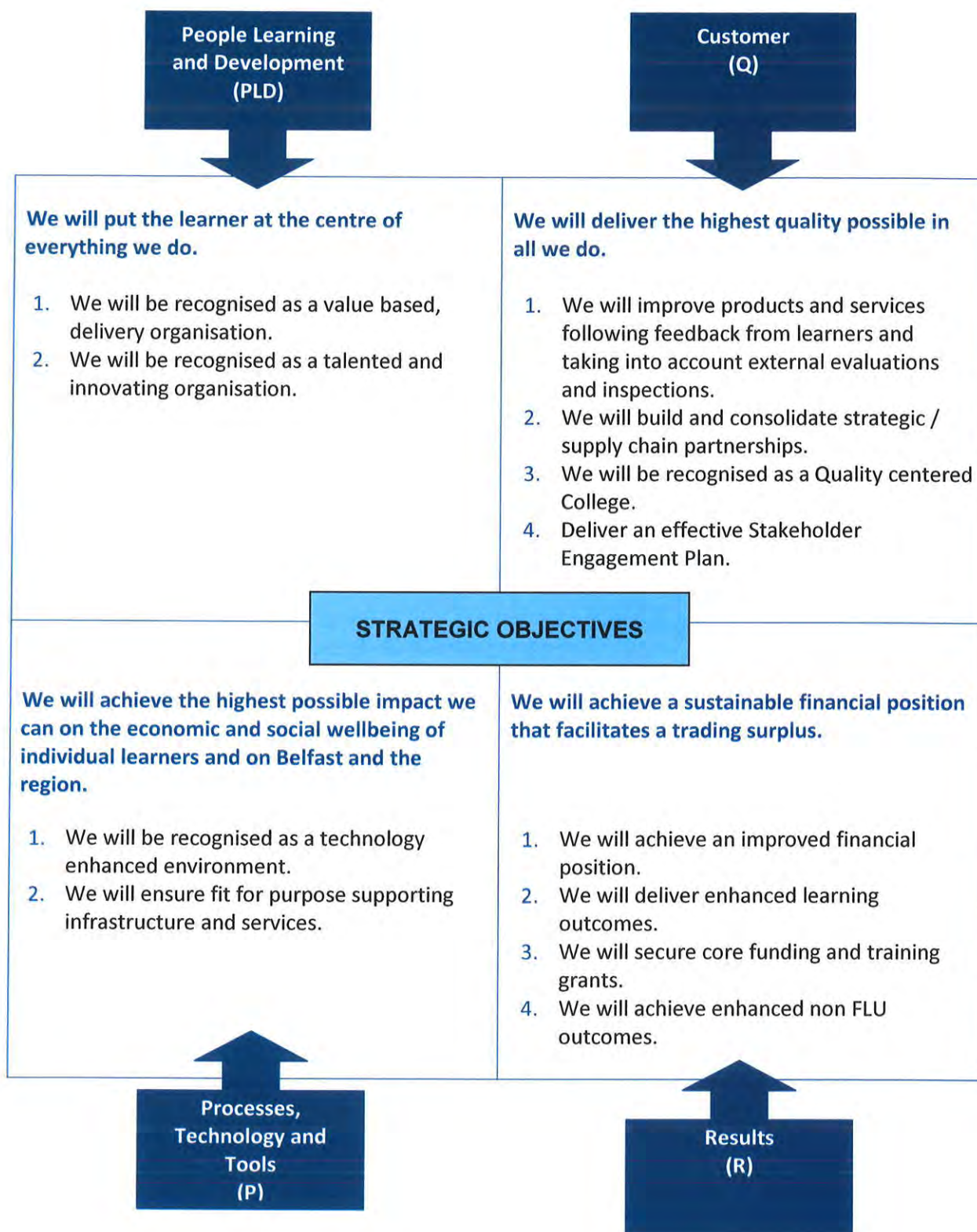
2. Deliver the highest quality possible in all we do.

#### Impact

3. Achieve the highest possible impact on the economic and social wellbeing of individual learners and on Belfast and the region.



The College's specific objectives for 2012/13 are outlined below:







# Our Customers

Curriculum Overview

Curriculum Performance

College Highlights and Student Successes

Equality, Diversity and Inclusion in Service Delivery

Economic Engagement

Stakeholder Engagement



## OUR CUSTOMERS

### CURRICULUM OVERVIEW

#### Strategy Development

Belfast Met aspires to be a College which has a significant impact on the people and communities that it serves; enhancing their lives and being a major contributor to the success of the city of Belfast and the region of Northern Ireland. During the academic year 2011/2012, the College developed a three-year curriculum strategy, 'Skills Matter', which aligns both skill and economic priorities.

Guiding principles and strategic objectives have been defined to offer focus; key aims of the strategy include:

- Development of significant areas of learning in order to be recognised as a centre of excellence in:
  - Mobile, cloud and creative technologies
  - Leadership and management
  - Manufacturing engineering in composites and advanced materials
  - Maintenance and installation of sustainable technologies
  - Service industry skills
- Consolidation to key sites with a focus on establishing centres of learning around specialist topics, in keeping with the College's Estates Strategy;
- Increased collaboration with providers to enhance breadth and scope of Levels 2 and 3 training provision;
- Continued embedding of creative and innovative teaching practices across all curriculum areas, including technology enhanced learning;
- Improvement of operational planning processes which impact upon curriculum monitoring and design, and the introduction of new delivery models to improve retention and achievement;
- Promotion of language skills through encouraging uptake among learners on full-time programmes;
- Recognition of student talent and achievement through ongoing research and submission for external awards to raise aspirations.

#### Employability

Belfast Met's offer is designed to support the delivery of the draft Economic Development Strategy and ultimately Programme for Government. The College is committed to enhancing the employability and work readiness of learners, supporting our students into employment, better employment or a route towards employment. As such, we collaborate closely with industry to keep abreast of needs and developments, ensuring our learners gain the relevant skills and qualifications to succeed.

## New Faculty Structure

Belfast Met currently offers 454 unique courses addressing every level of provision from leisure to postgraduate study. In order to further develop a responsive curriculum and ensure delivery of high quality education and training which both nurtures and recognises excellence, a new faculty structure with designated schools was introduced in 2011. These are outlined below.

### Faculty of Leadership, Science and Service Industries

- School of Business, Management and Finance
- School of Applied Science, Hair and Beauty
- School of Creative and Service Industries

### Faculty of Technologies and Academic Studies

- School of Engineering, Electrical Engineering and Construction
- School of Electrical and Computing Technologies
- School of Academic Studies

### Faculty of Health, Care, Leisure and Skills for Life

- School of Health, Care, Sport and Leisure
- School of Academic Support
- School of Community Education and Life Skills

## Curriculum Developments in 2011/12

Over the past year the College has continued to develop its curriculum in line with economic and social needs of the surrounding community and beyond. The College is committed to high quality teaching and learning in all its courses and the following examples demonstrate the type of continuous improvement that is prevalent throughout all curriculum areas:

### Faculty of Technologies and Academic Studies

Curriculum developments within the Faculty of Technologies and Academic Studies included:

- DEL Sign Language Project - Development of Interpreters Course to allow sign language interpreters to reach Trainee Interpreter status and to progress to MA in Interpreting in QUB.
- Successful revalidations of the QUB – Access Certificate in Foundation Studies Humanities/Engineering/Maths & Computing and the UU Certificate HE in Combined Behavioural & Social Sciences.
- Belfast Met began hosting 'Coder Dojo Belfast' – an exciting new computer coding class for young people. Over thirty eager programmers aged 16 and under participated in the pilot. Coder Dojo is a movement which was started only last June in Cork and has spread since around the world with Dojos scattered throughout Europe, USA and Japan. The Belfast Dojo was initiated by Momentum, the Northern Ireland software federation and Belfast Met, as a way of promoting programming amongst young people and has already attracted a loyal and talented following of budding programmers who have written games, learned HTML and CSS and some have even developed iPhone apps.



- The School of Electronic & Computing Technologies was also presented with the status of Centre of Excellence by Prodigy Learning for their development and implementation of professional IT qualifications in the curriculum. These valuable, industry recognised qualifications are now offered throughout the School to learners on various full-time Level 3-5 courses in the Titanic Quarter, Castlereagh and Millfield campuses and in part-time formats as standalone qualifications.
- New developments within the School of Engineering, Electrical Engineering and Construction include delivery of the Level 3 Diploma in Electrical Power Engineering – Wind Turbine in Operation & Maintenance and new courses in Frost Protection and Composites; the School also successfully delivered the first year of the UJ Endorsed Foundation Degree in Planning and Property.

### **Faculty of Health, Care, Leisure and Skills for Life**

Curriculum developments within the Faculty of Health, Care, Leisure and Skills for Life included:

- Obtaining certification from the Health and Safety Executive Northern Ireland (HSENI) to be an approved organisation for the delivery of First Aid at Work (FAW) and Emergency First Aid at Work (EFAW) programmes. The approval system is administered by HSENI's Employment Medical Advisory Service (EMAS), which will closely monitor delivery in our first year of approval. During 2012-13 the College will commence roll-out of the FAW and EFAW programmes across a range of business sectors as well as delivering to full and part-time students.
- Belfast Met hosted a Regional Best Practice Event in March at TQ for Coordinators of Level 5 Health and Social Care HND provision. Representatives from all Northern Ireland colleges met to discuss the outworking of the new QCF syllabus and to share best practice and resources in a collaborative manner. The focus of the event was on employability and exploring ways in which colleges work with employers to secure quality placements that meet course requirements and enhance student access to the jobs market on completion of their studies.
- The Belfast Met Football Academy held its Inaugural Presentation Dinner at the new e3 building at the Springvale Campus in June 2012. The event celebrated the success of the Football Academy and the outstanding achievements of the Academy students, both on the football pitch and in the classroom, proving that sport can provide the discipline to achieve scholastically. Retention and achievement in the first year of the programme was 98% which is a result of great commitment from the staff and a unique and innovative approach to developing talent.
- In 2011-12 the Centre for Essential Skills delivered a series of new "fast track" and "after school" Essential Skills programmes for local secondary schools, St Louise's, Orangefield and St Roses. Through a partnership approach the schools and the College use "downtime" holiday periods to deliver popular and successful fast track courses to over 150 students. Success rates were in excess of 85%.
- The Learner Access and Engagement (LAE) contract concluded in April 2012. PWC evaluated the project as being very successful in reaching out to engage those furthest from the labour market and those who are educationally disadvantaged. Belfast Met's success rates on LAE courses were 65% compared to 22% in the further education sector. The success of the LAE project has been recognised by DEL Minister Dr Stephen Farry and the project is being mainstreamed. A challenging new NEET pilot will also be added to the project in the next phase and plans are underway to develop the College offering in this key area.
- Successful Development Engagement QAA Review with positive outcomes for the College.
- Growth in subcontract training to £2.5m income with new partners.



## Faculty of Leadership, Science and Service Industries

Curriculum developments within the Faculty of Leadership, Science and Service Industries included:

In Jan 2012, Belfast Met signed a Memorandum of Understanding with BioBusiness, the Employers' Association for the Life and Health Technology sector in Ireland. This establishes a formal commitment to developing and delivering a mutually supportive partnership between the Life and Health Sciences Industry and further education colleges.

In 2012 Belfast Met achieved recognition by Cogent (SSC) as a National Skills Academy Centre of Excellence for Science. The National Skills Academy is an employer-led initiative launched to tackle skills issues throughout the industry including the chemical, pharmaceutical and life sciences.

As an Academy member, the College aims to develop a highly skilled workforce capable of competing on a global stage as well as promoting the science-based industries as a progressive and exciting career choice. The College is committed to ensuring that Northern Ireland has sufficient well-qualified scientists and technicians to work in this important industry sector and increase employee skills for the benefit of the local economy.

In May 2012, the Centre for Applied Science was awarded funding by the Department for Employment and Learning for a period of three years to lead an Employer Support project for Life and Health Sciences. The Centre also consolidated its partnership with the Department of Health to provide Dental Nurse training and obtained full revalidation by QUB of Access Certificate in Foundation Studies in Biological/Biomedical Sciences.

The BSc Hons Fashion Management programme successfully applied to the Textile Institute, the worldwide organisation for Textiles, including clothing and footwear. The Honours degree delivered at the TQ campus is now accredited with full membership permitting many worldwide opportunities for both staff and graduate students who will now have Chartered status, ATI after their BSc Hons qualification.

The School of Business, Management & Finance developed new curriculum links in 2011/12 across a range of provision including:

- The Institute of Leadership and Management (ILM) – including a conversion ILM Award at Level 5 for our HNC students and potential additionality for our FE Level 3 students.
- OCR Level 4 Business Professional Certificate in Administration.
- The roll out of a new strand of the HND Business to include Knowledge Management.
- The proposal to develop two Foundation Degrees in Marketing and Accounting.

## CURRICULUM PERFORMANCE

### Current and Future Performance

As Northern Ireland's largest further education College, we are at the forefront of developing course provision that meets today's skills needs and anticipates those of the future, enabling our students to gain employment, develop themselves professionally or improve their chances of gaining access to higher education.

Our responsive curriculum delivers high quality education and training that nurtures and recognises excellence. During 2011/12 the College has strengthened its overall sectoral position, moving from sixth place to fourth place in just one year. Significant quality improvements include a 2% increase in retention, in addition to the award of a 'Confident' grade by ETI in relation to the Whole College Quality Improvement Plan.



The following section is an overview of current and future performance across our further and higher education markets, school partnership provision and training programmes division.

It is important to note that these figures, particularly the achievement output for FE and HE are subject to change following the outworkings of the final figures as well as ongoing confirmations from examination boards.

### 1. Student Numbers:

The College increased its student establishment by **6.7%** during the year (based on FLU value 2010-2011 compared to current 2011-2012 projected final values). The overall increase, on projected end year position presents a varying picture of recruitment levels across the full education provision. Although the College increased its full -time further education and essential skills enrolments, it did demonstrate a reduction in other areas of provision. Explanations for these variations are provided below:

Level of Enrolment	2009-2010 Final	2010-2011 Final	2011-2012 DEL Target	2011-2012 Current*	% Change
Full -Time Further Education	3527	3171	3814	3278	3%
Part -Time Further Education	25361	18829	16747	17131	-9%
Full- Time Higher Education	1659	1473	1491	1452	-1%
Part- Time Higher Education	2053	1448	1655	1520	5%
Essential Skills	3576	3980	5100	4360	10%

## Further Education

### Full-Time Further Education

The College has increased its full-time further education by 3% on the previous year, but has fallen short of the agreed target with the Department for the 2011-12 period. It is our view that the slight increase is attributed to the economic circumstances in the greater Belfast area and the difficulty for those aged 16-25 to secure employment.

Although the College does not have direct research of its own to substantiate this, evidence from the DEL workforce and labour indicators would tend to support this position.

The College's failure to meet the enrolment target for full-time further education can be attributed to three factors. Firstly, the College admission and enrolment process was not fit for purpose and required a fundamental root and branch review and re-engineered process. This review has now been completed and the processes improved.

Secondly, the admission phase of the academic year was delayed due to the opening of the new Titanic Quarter campus. The normal opening times of the College were delayed by one week to allow for any issue that might arise in relation to the opening of the new building. This decision was taken to protect the quality of provision and was a necessity; however it, combined with the poor admissions process, resulted in further confusion and many learners choosing to migrate to other post-16 providers.

The third issue was the restructuring of the College's academic staff. This was concluded just prior to the admission phase of the academic year and although the staff worked tirelessly to recruit students, the change was substantial and some knowledge and expertise had not been transferred in time to ensure an effective admissions and enrolment process. Corrective action has been taken to address this and the College has successfully completed the reorganisation of all academic areas.

The College has also taken corrective action to mitigate against a further recurrence of the above factors and we are confident of an increase in enrolments for the forthcoming academic year.

### Part-Time Further Education

The College has witnessed a decline in part-time further education engagement. This decrease is in line with a reduction in part-time enrolments across the FE sector. The College recognises that there are a number of factors contributing towards this position. Firstly the declining macroeconomic environment is placing pressure on household and private sector incomes. The result is a direct disengagement in professional development as companies and households seek to reduce costs and make efficiency gains. The key reductions in part-time enrolments have come from Level 2 and Level 3 evening provision as opposed to lower level recreational courses.

Secondly, the College needs to further invest in its IT infrastructure to enable it to deliver courses in a more flexible format through on-line learning. The online learning offer will appeal to those who are trying to balance additional work pressure (again macroeconomic circumstances) against learning opportunities.

Finally, the College did not have a Curriculum Strategy in place at the start of the year and this has now been addressed. The Curriculum Strategy focuses on the need to re-engineer the curriculum to meet the needs of the economy by providing education and training for those already in work. It is anticipated that an economically focused curriculum will take a period of time to evolve but it will appeal to those potential learners looking to increase their productivity or chances in the employment market.



## Higher Education

It is worth noting that the College has had a reduction in its MaSN during the 2011/2012 period. However, the College did recruit to the required MaSN limit in higher education in 2011/12 and continues to sustain a high retention rate.

The College continues to provide a broad range of higher education provision (the widest of all the regional colleges in Northern Ireland), meeting local and regional skill demands. The College has developed a number of Foundation Degrees and will continue to develop this area in the coming year.

Applications for places in most of the curriculum offered at higher education full-time exceed demand, in some cases by 400%. The College has never breached its MaSN allocation and abides by the limits placed on it.

In relation to part-time higher education, the College has increased enrolment by 4%, endorsing the fact that the range and types of courses offered to those seeking to up-skill and already mainly in work is fit for purpose. However, the College did not reach its target in this area of work and the College believes the reasons provided in the further education section are applicable here as well.

## Essential Skills

The College increased provision in essential skills by 10% on the previous year. Although the College has yet to reach its target in this regard, most of the growth came from the harder to reach post 19 age group. The College believes that further innovation in delivery methods, targeted marketing and communication campaigns and working with local communities to engage adults in Essential Skills will result in a further growth in this key curriculum area in the coming years.

## Schools Partnership (Entitlement Framework Provision)

Our Schools Partnership Programme attracts school based learners aged 14-19 into vocational education and practical training. We have a collaborative working relationship with schools and successfully deliver a broad and economically viable curriculum to over 30 participating schools in Belfast.

The table below details the Colleges performance in relation to its School Partnership provision from 2009-2012:

School Partnership Programme	2009/10	2010/11	2011/12
<b>Total</b>	<b>1,432</b>	<b>1,712</b>	<b>1,346</b>

The College has seen a moderate decline in engagement from schools with regards to vocational enhancement provision. Proposed changes in the funding for entitlement are perceived as one of the primary reasons for this, with schools seeking post-16 provider collaborative provision without involving the College in the preparation for changes.

The College has reduced the number of transfers and withdrawals, working with schools at an earlier stage to identify provision needs and thus removing the risk of over provision or changes to timetables within the academic year.



## Training

The College is engaged in delivering an extensive range of vocational training, working side by side with employers to provide outstanding training and apprenticeships. We are committed to enhancing the skill base of young people in Northern Ireland through the provision of high quality vocational training across 12 occupational skill areas including construction, engineering, printing and IT. In addition we work with partners specialising in niche skill-shortage areas such as financial services and hospitality.

The table below provides an overview of training performance for the period 2009-2012:

Training	2009/10	2010/11	2011/12
<b>Total</b>	<b>588</b>	<b>545</b>	<b>582</b>

The College has seen a 7% growth in training enrolments on the previous year, with a like for like return to trainee levels against 2009/2010 enrolment. The College is anticipating a decline in PLA applicants and has developed work placement reviews and management teams to establish more trainees in placement.

However, in the current economic circumstances the ability to secure training placements in the construction industry remains extremely challenging. The College has seen a year on year increase in ApprenticeshipNI year three learners, showing better retention and development of training and that it is core part of the organisation. Whilst recruitment remains static in construction, new emerging growth areas are IT, Financial Services and Hospitality Supervision.

### Student Achievements:

The table below provides an overview of student achievement for further and higher education for the period 2010-2012. **It is important to note that the FELS return exercise has not yet been completed and therefore it is not possible to provide a commentary on the student achievement and success rates at this time.**

Student achievements	2010/11	2011/12
Further Education	89%	89% Projected
Higher Education	95%	95% Projected

It is worth noting that the percentages for both further and higher educations remain static. Although the College seeks to improve this outcome, the restructuring and implementation of the College Improvement Plan has meant that new structure and processes have had to be developed and the improvements from these will not be realised until the new academic year.

For example, the review of the College admission process proposed the inclusion of a new pre-entry guidance session to ensure that applicants were fully aware of what a course entailed before enrolling. This was introduced for the 2012/2013 entry and could not be retrospectively applied. Monitoring systems for retention levels, including early warning indicators were also developed for the 2012/2013 years. Again, these could not be retrospectively applied.

The flat line retention value demonstrates that the College has consolidated its improvements from 2010/2011.



## COLLEGE HIGHLIGHTS AND STUDENT SUCCESSES

### College Highlights and Successes

2011/2012 was a year of triumphs and celebrations across Belfast Met. The College welcomed a number of high profile dignitaries and hosted a wealth of successful, innovative events, whilst our staff and students excelled at external award ceremonies, demonstrating passion and talent in abundance.

Our reputation is built on the success of our students and the hard work and dedication of our teaching and business support staff. We pride ourselves on the ongoing College developments and the achievements of our staff and students and have detailed a selection of these below:

Calendar of Celebrations 2011	
September	<ul style="list-style-type: none"> <li>College awarded Frank Buttle Trust Kitemark for widening participation.</li> <li>Titanic Quarter Campus awarded 'Environmental Project of the Year' at Sustainable Ireland Awards 2011.</li> </ul>
October	<ul style="list-style-type: none"> <li>Belfast Met Football Academy welcomes ambassador, ex Northern Ireland player, Gerry Armstrong.</li> </ul>
November	<ul style="list-style-type: none"> <li>Higher education graduation ceremony which celebrated achievements of over 1,100 learners.</li> <li>£44 million Titanic Quarter campus officially launched by HRH Princess Royal.</li> </ul>
December	<ul style="list-style-type: none"> <li>Belfast Met becomes first further education college in Northern Ireland to launch a Faith Room, to meet the needs of a multi-cultural student body.</li> <li>First ever 'Celebration of Achievement' which recognised accomplishments of over 140 students from the Centre for Supported Learning.</li> </ul>

Calendar of Celebrations 2012	
February	<ul style="list-style-type: none"> <li>Parents' information day, which generated over 1,070 attendees and 468 applications to full-time courses.</li> <li>Launch of new NVQ Level 6 course in British or Irish Sign Language by DEL Minister Dr Stephen Farry.</li> </ul>
March	<ul style="list-style-type: none"> <li>Belfast Met welcomes President of Ireland, Michael D Higgins to flagship Titanic Quarter campus on first presidential visit to the city, where he is greeted by staff and over 200 students.</li> <li>'Climate Week' event at Titanic Quarter, focusing on sustainability practices in the business environment.</li> <li>Full-time courses information and advice day, which attracted in excess of 2,000 attendees and 708 applications.</li> </ul>
April	<ul style="list-style-type: none"> <li>Visit by Lord Mayors of Dublin and Belfast.</li> <li>Belfast Met's School of Electronic and Computing Technologies recognised as Centre of Excellence by Prodigy Learning for development and implementation of professional IT qualifications in the curriculum.</li> </ul>
May	<ul style="list-style-type: none"> <li>Castlereagh Festival of Visual Arts, launched by Sammy Wilson, MP MLA.</li> <li>Launch of HP Institute programme, an academic partnership with HP, Prodigy Learning and Belfast Met, offering students business-ready IT skills.</li> <li>Launch and roll-out of 'Coder Dojo Belfast', a unique computer coding class for young people.</li> <li>Belfast Met awarded Centre of Excellence status by ABC for delivery of their patisserie and confectionery courses.</li> </ul>



Calendar of Celebrations 2012 (cont'd)	
June	<ul style="list-style-type: none"> <li>Community fun day at e3, Springvale campus.</li> <li>Belfast Met Trust scholarships ceremony, awarding financial support to talented, committed students to enhance their experience and skills.</li> </ul>
July / August	<ul style="list-style-type: none"> <li>A group of current and past Belfast Met City &amp; Guilds students, entitled the Lecora group, exhibited their Fine Art Textiles in the Titanic Centre Signature Building this summer. This was a major coup for the group to show in such prestigious surroundings. Several of the works exhibited were made in response to the Titanic and to the centre architecture.</li> </ul>
September	<ul style="list-style-type: none"> <li>College Estate &amp; Facilities Management department achieve a UK first with the award of four quality certifications and is shortlisted for Times Educational Supplement 'Outstanding Estates Team' award.</li> <li>College's EnviroMET shortlisted in the National Green Gown Awards (Newcomer Category).</li> </ul>

### Student and Staff Successes

**Future Baker 2012** - Lawri Dowie, Laura Chase and Rebecca Mann, City & Guilds Level 2 Certificate for Proficiency in Bakery Industry Skills, won the California Raisins Future Baker Competition.

**IFEX 2012** - Awards received at IFEX 2012 include:

- Student Culinarian of the Year Gold Jonjo Kyles
- Student Culinarian of the Year Bronze - Ryan Hunt
- Open Plated Dessert Silver - Ciara McGhee
- Cake Decorating Gold and Silver - Jean Chambers
- IFEX Junior Chef of the Year Silver - Padraic Shiels
- Parade des Chefs Title, Kitchen and Food Service Golds – The Captain's Table (Jonjo Kyles, Tyler Greer, Jason Kerr, James Unson, Alexandra Henderson, Conal Lagan, Jamie Hagan, Joshua Maxwell, Gigi Lam, Matthew Margetson, Gary Crossett and Neil Moore). Jonjo Kyles was selected to go forward to the World Skills competitions in Leipzig 2013 and Madrid 2015.

**WorldSkills** - Philip Green triumphed at WorldSkills London 2011, winning a gold medal in bricklaying as part of Team UK.

**Skillbuild NI** - Ken Wilson received the Gold medal for Plastering at the 2012 Skillbuild NI Finals. Brickwork lecturer Alan Stewart was awarded the Hugh Gettinby Memorial Award for Excellence in Construction Training; Alan tutored WorldSkills Gold medal winner Philip Green.

**City & Guilds Medal of Excellence** - Patricia Isaacs, Fashion and Textiles was awarded a City & Guilds Medal of Excellence after over 20 years teaching at the College.

**FRESH** - Patricia Flanagan and Nuala Kilmartin, creators of FRESH, Belfast Met's innovative creative thinking programme were highly commended at the UK National Enterprise Educators Awards and recognised as top Enterprise Educators in the UK.

**Sign Language** - Sign language lecturer Marie Franklin was named Regional Teacher of the Year at the Signature Annual Awards. Robyne Buyers and Michael Finch were shortlisted for the Sign Language Learner of the Year Award.

**Deloitte Employability Skills** - Abigail Lennox and lecturer Ed Adams were named National Deloitte Employability Student and Trainer of the Year and hailed as the UK's leading ambassadors for the Deloitte Employability Skills programme.



**VQ Learner of the Year Awards** - Eamonn Hamill, NVQ Hairdressing Level 3, Anna Meban, Foundation Degree Event Management for the Tourism Industry, Phillip Green, NVQ Level 3 in Trowel Occupations and Jonjo Kyles, NVQ Level 3 Professional Cookery, were shortlisted finalists in the VQ Learner of the Year Awards.

**Future Students of Business** - Anna Marie Rafferty, Matthew Megaw and Laurence Fay received prestigious Future Students of Business awards organised by the Federation of Small Businesses and Colleges NI.

**Apprenticeships** - Belfast Met Student and Bombardier apprentice Conor Crossey was crowned Northern Ireland's Apprentice of the Year 2012. Nicholas O'Hagan, an IT Apprentice with Northgate Managed Services and Belfast Met, was one of the five shortlisted finalists.

**Essential Skills Awards** - Noel Carson received the Essential Skills Trade Union Learner of the Year, Seamus Murray was Highly Commended in the Trade Union category and Owen O'Neill was Highly Commended in the County Antrim category.

**Journalism** - Aileen Moynagh, NCTJ Diploma won silver in the Best Music Special at the Phonographic Performance Ireland Radio Awards for her BBC Radio Ulster documentary Rathlin's Black History.

**Motor Vehicle** - Gareth Donnelly, Vehicle Operations Management won the HNC Award for Highest Performing Student at the Institute of Road Transport Engineers (IRTE) annual awards ceremony.

**Music Skills NI** - Joanna Jones and Frazer McCormack received the Singer/Songwriter, Michael Tipping, Joe Wilson and Aaron Black received the award for Live Electronics whilst Eoin Crean, Danny Haughey, Megan McNally, Stephen Engelen and Mark Russell won the award for Cover Band. Paul Campbell was placed second in the Sound Design Category whilst Justin Legge was placed third in DJ Performance.

**Hairdressing Council UK Student of the Year Awards** - Eamonn Hamill, NVQ Hairdressing Level 3 has been nominated for the Hairdressing Council UK Student of the Year Awards.

**Sport and Olympic Success**- Sinead Heaney represented Ireland at Water Polo and footballer Jamie Mitchell was selected to represent Northern Ireland at Under 18 International level. The Football Academy A team won the Belfast and District Secondary Schools Football Association Schools Cup whilst The Football Academy B team won the Belfast and District Secondary Schools Football Association Schools League. The Students' Union football team reached the quarter finals of the All Ireland Umbro Cup.

Three past students of the College won medals at the Olympics and Paralympics – Paddy Barnes and Michael Conlon obtained bronze medals for boxing and Michael McKillop was awarded two golds in the 800m and 1500m at the Paralympic Games, sealing his status as the world's best Paralympic middle-distance runner.

**BEST Awards** - David Portis, HNC Electrical/Electronic Engineering won the Entrepreneurial Award, sponsored by Department for Employment and Learning (DEL). Mark Stuart, Brian Kilpatrick, Ashleigh Devitt, Timothy Sloan and Conor Carville, Foundation Degree in Software Engineering, won an award for their development of a Hangman Education Quiz Application.

**Money for Life Challenge** - Aimee McMurray, Natalie Tosh, Nicole Ward, Daniel Maloney, Kerri Ferris and Gary Todd, Foundation Degree in Events Management won the Northern Ireland heat of the Money for Life Challenge with their business idea of cooking healthily on a budget.

**Northern Ireland Travel News Student of the Year** - Awarded to Anna Meban, Foundation Degree Events Management for the Tourism Industry.

**A Level Success** - Rachel McMenemy came third in Northern Ireland in Double Award A Level Health and Social Care, whilst Eimear Quinn, a Schools Partnership student at Little Flower Girls' School achieved the highest mark in Northern Ireland for a CCEA Health & Social Care A Level Unit.

**Janus Awards** - Mark McCorry, Foundation Degree Hospitality and Tourism Management was nominated for a Hospitality and Tourism award at The Institute of Hospitality's Janus Awards.

**Worldskills** - Patrick McCartan competed in Intermediate Hairdressing and gained a place in the finals to be held in November 2012.

**BTEC Tutor of the Year** - Sandra Johnston, Beauty Therapy tutor, shortlisted.

**Chartered Institute of Building Student Challenge** - Construction and Architectural foundation degree students Martin Lagan, Conor O'Regan, Kimmy El-dash, and Peter Magorrian, achieved top Northern Ireland College at annual student challenge.

**Belfast Bridal Journal Show** - Gordon Donaldson and Elaine Small are finalists in the Designer of the Year competition.

**Irish Print Awards 2011** - Chris McAllister, who recently graduated with a Foundation Degree in Graphic Communication, was awarded Print Graduate of the Year.

**AONTAS** – The College's Family Learning and Supported Learning teams were shortlisted for an all-Ireland adult education award by the Irish National Association of Adult Education.

**CIPR Northern Ireland Press and Broadcast Awards** - Journalism lecturer, Dr John Coulter, received a commendation in the Columnist of the Year category.



## EQUALITY, DIVERSITY AND INCLUSION IN SERVICE DELIVERY

Obligations under Section 75 of the Northern Ireland Act 1998 (as addressed in the Our Staff section of this report) also apply to service delivery. As such, the College continues to raise awareness about its legal obligations to promote equality of opportunity and good relations and embed this into the curriculum. During 2011/12, this has been achieved through various cultural events such as the:

- Annual Culture Fest
- Polish Week
- Chinese New Year
- St Patrick's Day
- Annual Community Relations Culture Quiz.

Additionally the College published an online equality and diversity calendar with images from the College and key religious and cultural dates and also joined with the 'No More Traffik' campaign to highlight the issues of human trafficking and alerting staff and students to the dangers and how they can make a difference.

The College also hosted an event to highlight the inequalities suffered by people who are homeless or at risk of being homeless; opened a Faith Room in our new Titanic Quarter campus attended by various Church leaders and in conjunction with the Belfast City Council was instrumental in organising an 'anti-hate' conference for young people to have their voices heard and enable statutory organisations to listen to the experiences of groups who had suffered from harassment or illegal discrimination and been marginalized by organisations as well as individuals. All events were hugely successful and the Belfast Met was the only Northern Ireland College to address such taboo subjects.

From a procedural perspective the College introduced an Equality Framework for Academic staff. The Framework is a set of equality statements which the College aspires to achieve. Academic Schools were asked to audit and score themselves against each statement and provide evidence to support the score. Actions were then identified to help address any gaps to improve future scores.

The College continues to comply with its legal obligations under the Special Educational Needs and Disability (Northern Ireland) Order 2005 (SENDO) and provides continued support to all students through its Disability Services team. Last year the team provided specific individual support to 315 further education students and 86 higher education students.

In taking forward its legal obligations under the Disability Discrimination Act 1995 (DDA) and SENDO, the College continues to review its services to ensure they are as accessible as possible. Reasonable adjustments have been put in place to accommodate specific needs and new requirements to comply with the DDA and SENDO have been incorporated into specifications for new buildings.

Our general obligations and specific positive action obligations have been incorporated into a Disability Action Plan which we continue to work towards and monitor progress. The College continues to make progress to meet this action plan and reports annually on this progress to the Equality Commission. Examples of action taken by the College include:

- Celebrating the success of our Pathfinder students at an awards ceremony in our Tower Street campus.
- Celebrating the success of our supported learning students through a Graduation ceremony in our Titanic Quarter campus. This is the first time the College hosted this awards ceremony and in doing so recognised the importance of treating all student achievements equally.
- Our full-time learning prospectus was reviewed and new imagery chosen to demonstrate the diversity of our students and to show positive images of students (including those with a disability) in a positive light as part of our drive to encourage participation of those with a disability into further and higher education. The imagery and content of our part-time prospectus continues to improve after its initial redesign.
- At key public events students with a disability were given a role to highlight to VIP guests and the public that the College is inclusive and values the abilities of all its students.
- The award of a tender to Disabled Go, an organisation which provides an online guide to building access and egress to help make buildings more accessible to people with a disability.



## ECONOMIC ENGAGEMENT

Over recent years Belfast Met has played an increasingly important role in supporting economic development both in terms of engaging directly with employers to address their business needs and increasingly in connecting with communities to offer innovative solutions for essential skills. Given the ongoing recession there has been a reduction in the number of companies engaged in some of the customised training programmes, however the College has been working closely with DEL to deliver training solutions in new areas including: marine welding, software development, tourism and hospitality.

Belfast Met's curriculum offer is designed to support the delivery of the draft Northern Ireland Economic Strategy and ultimately Programme for Government. The College has a long track record of working with Invest Northern Ireland and the Department for Employment and Learning in Northern Ireland to deliver bespoke solutions for local employers through the various skills and employability programmes which exist including:

• <b>Employer Support Programme</b>	• <b>Bridge to Employment</b>
• <b>Assured Skills</b>	• <b>Knowledge Transfer Partnership</b>
• <b>Customised Training Programme</b>	• <b>HARTE programme</b>
• <b>ApprenticeshipsNI</b>	• <b>Innovation Vouchers</b>
• <b>Connected Programme</b>	• <b>EU Lifelong Learning</b>

During 2011/2012 the College strengthened its relationship with business, community and government sectors - highlights of our work with industry this year included:

- Engagements with 239 companies across customised training, innovation vouchers, bespoke business solutions and KTP advisers impacting on 1,671 employees;
- Finalised submission for DEL 3 year Employer Support Programme covering priority sectors in BioScience, Advanced Engineering and Manufacturing, ICT, Tourism and Hospitality, Creative Industries;
- Engagement in a series of consultations with DETI, INI and Belfast City Council on the delivery of the City Investment Strategy and future employability initiatives;
- Roll out of the successful World Host programme, which was focused on customer service in the tourism and hospitality sector. We worked with almost 40 businesses and provided training to 450 people.
- Participation in the newly established Northern Ireland European Forum and the Department of Finance Consultative Group on the future of EU Funds;
- Initiation of programme of work with DEL to develop and implement the Training Excellence Model across all Colleges in the sector;
- FRESH our national enterprise award winning programme, which helps develop creative and innovative behaviours was delivered to 15 local companies with assistance from the CONNECTED Programme.



Our work in the renewables / sustainability sector has resulted in Belfast Met taking the lead in establishing a Collaborative Network with agreement of INI. The Energy Skills Network will help to build capacity to secure new business in the offshore energy market.

The Business Development team, working alongside Curriculum has also been more actively engaged this year in trying to shape the evolving policy agenda and had the opportunity to follow up on written consultation responses to the DETI Review of R&D and the DCAL report on the Growth of Creative Industries.

The completion of e3 now provides a unique resource for business development and economic engagement and the newly restructured business development team is also working on finalising a suite of business development systems including: CRM solution, Business Development Working Group, EU Fund Group Forum and the business pipeline which will help embed best practice across the College.

### **Commercial and Events Activity**

Belfast Met operates a number of campuses across the Estate, which range in age, capabilities and attraction. With the recent investment in a £44m campus based in the prominent location of Titanic Quarter, in addition to the development of the unique e3 building at the Springvale campus, Belfast Met is in a position to capitalise on a new and versatile offering to the events and business tourism market.

With the appointment of the Commercial and Events Manager in March 2012 a strategic review and active selling has and continues to be undertaken in order to maximise revenues from the College Estate. The utilisation and maximisation of available space - function, teaching and meeting rooms - outside (and where possible adjacent to) core learning for events and conference business, ensures the College will be exposed to a wider audience, in addition to increasing revenue streams to reinvest in the College and the learner experience.



## STAKEHOLDER ENGAGEMENT

One of the essential foundations for the successful delivery of Belfast Met's KPIs includes effective Stakeholder Engagement. The importance of relationships with our stakeholders is recognised in the College's mission statement and balanced scorecard where our priorities are:

- To develop successful collaborative relationships with external stakeholders for the benefit of individuals, employers and the Northern Ireland economy.

Belfast Met has well established relationships with a vast array of stakeholders and has a very clear evidence base of the needs that the College must meet. Through its restructuring programme and College Improvement Plan, the College has established a Centre for Corporate Communications and Marketing which has resulted in a more centralised approach to this key area of work as well as driving key stakeholder communications and developments in website re-design, usage of social media tools and the creation of marketing collateral for stakeholders.

In relation to key stakeholders, the College has excellent relationships with its parent, Department for Employment and Learning and continues to build strong relationships with other Government Departments, Assembly Committees and key business support agencies such as Invest NI, CBI, Northern Ireland Chamber of Commerce, Sector Skills and Awarding bodies.

During the past year and going forward, the College has and will continue to build on its renewed relationship with the Belfast City Council and seek to collaborate in more meaningful ways; this has been evidenced recently by the introduction of the Belfast City Council / Belfast Metropolitan College Senior Officers' Meetings and the College's response to the Council's Draft Investment Programme for 2012-2015.

Going forward, the College has ambitious plans over the next five years to enhance the quality of the curriculum and will be working alongside Belfast City Council and the various business support agencies to maximize potential employment opportunities in the key growth sectors of creative industries, retail, connected health, business and financial services. Belfast Met's new facilities at Titanic Quarter and in Springvale (its e3 economic development building) are important pieces in this jigsaw.

The College had developed strategic relationships with key employers in the city such as Bombardier, B9 Energy and Belfast Health and Social Services Trust as well as key schools and training partners through its delivery of the Entitlement Framework and ApprenticeshipNI / Training for Success programmes.

The College continues to strengthen its relationships with voluntary and community groups through its community outreach programmes. A range of Good Relations events were held, such as the e3 Family Fun Day and the Cultural Heritage and Diversity celebrations in Titanic Quarter in December 2011.

Going forward the College has developed a Stakeholder Engagement Strategy for 2012/2013. In this first year of the implementation of the Stakeholder Engagement Strategy our priorities will be to engage with LEARNERS, EMPLOYERS, COMMUNITIES and KEY STAKEHOLDERS.

As we move forward on our journey of collective ambition to put the learner at the centre of everything we do, to deliver a positive economic and social impact and a curriculum which is



relevant to the learning community, we will endeavour to engage with a wide range of stakeholders to inform and enrich our strategies and solutions.

Within the newly developed strategy, we briefly set out the methodology we have chosen to map, identify and focus on the communication and information requirements of our engagement process. It is worth remembering that the College has to exist in a complex policy and operational environment and the external monitoring of the needs and interests of our stakeholders is an iterative two way process.

This model and the action plan provides a frame of reference to allow us to bring some focus and structure to the engagement process, but is flexible enough to allow us to be responsive to sudden changes and challenges.

### Corporate Communications and Marketing

The competitive and dynamic environment which Belfast Met is operating within has focused our attention in ensuring that we express ourselves with one consistent, coherent and compelling voice to our various stakeholders and communities. This, coupled with the suite of imagery that we use, ensures that we reflect our vision, values and personality of our College. It was for this reason that the College's Corporate Communications and Marketing Department was established last year.

This unit has played an instrumental role in profiling the strength of the College's corporate brand and which is now increasingly being recognised as an accessible, innovative and inspirational College with international reach and creating remarkable local impact.

Key milestones reached by the unit this year include:

- The development and production of brand guidelines which supports the College's new identity.
- The development of 'Elevator Pitches' which provided our key internal stakeholders with a resource which clearly communicates the College's key facts, statistics and corporate messages.
- The production of a more standardised suite of publications and corporate materials which is now more consistent across the College as well as reflecting our unique position within the sector. Examples include: full-time Prospectus, part-time Newspaper, International Prospectus, Corporate Brochure, Employers' Pack 'Working with the Met', Commercial Events Sales Brochure, Student Handbook, Ambassador Newsletter 'Connect'.
- The development, planning and implementation of a wide variety of marketing and communication campaigns. These have been devised following the recognition of an area's strategic priority for the College or where an area has the potential to impact positively upon our corporate image and reputation. Examples include: Made it at the Met, Right Directions, Collective Ambition, Ambassador Initiative, Student Recruitment Campaigns.
- The centralisation of event management services. Responsibility for the artistic and creative direction for all corporate events now resides within the unit. This ensures that the College brand, image and key messages are being consistently communicated across the College to our key stakeholder audiences e.g. Graduations, Estate Developments and Launches. This centralised service also enables the team to provide advice and support to our key internal stakeholders when organising events at an individual course/school level.
- Embracing digital and social media as a key element of the College's marketing mix - Facebook and twitter are recognised and adopted as effective key communication channels for the College and plans are already in place to develop this area for 2012/13.





## Our Staff

## OUR STAFF

Belfast Met continually strives to be known as a first choice employer attracting first class staff to meet its quality of service and deliver outstanding learning for successful futures.

The College recognises and values that our staff are our most important resource. The College continues to provide an array of support and development opportunities for staff allowing them to enhance their skills to meet the challenges of working in an excellent College.

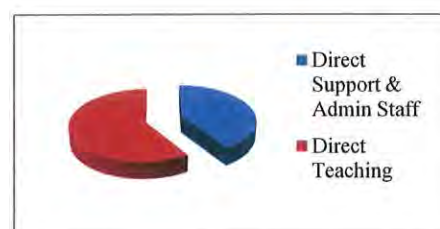
During the year 2011 to 2012 the College employed 874 full-time equivalent (FTE) staff (including 4 FTE staff within SEV Ltd). It is important to note that this will be subject to change as the impact of the restructuring of the support departments are realised during the course of the next financial year.

The complement of staff for the year 2011 to 2012 is broken down as follows:

### Teaching -Support Staff Ratio

Direct Support & Administrative Staff - 41%

Direct Teaching - 59%



### Teaching -Support Staff Ratio

Male - 38%

Female - 62%



## Leadership Development Initiative

The College is committed to moving forward with a new dynamic, building on its improvement process to date, to further transform the College into one that is recognised as a College that reflects an exemplar of excellence.

There are a number of challenges facing leaders in the College to deliver these priorities, namely:

- Managing change
- Accepting responsibility
- Consistent application of processes.

High quality, inspirational leadership is vital to the success and continuing improvement of the College and its overarching aim is to shape a 'Collective Ambition' among leaders and employees that supersedes individual goals and build key elements required to achieve and sustain excellence.



During 2011/12, Belfast Met developed a fit for purpose leadership model to guide targeted leadership development across its diverse business needs to evidence commitment to excellence and shift to a customer focused value environment.

A key focus of the Belfast Met Leadership Development Initiative is to ensure the development and implementation of the capabilities that leaders need to have, in order to achieve the three primary tasks of leadership defined as:

- **Recognising Excellence**
- **Delivering Excellence**
- **Developing Excellence**

An infrastructure is being established to develop and support not only current, but future leaders in the College. During 2011/12, key achievements in relation to the Leadership Development Initiative included:

- Achieved the overseeing of re-recognition of the liP award for the College despite undergoing major re-structuring at the same time; entered into a Rolling Review process to actively support College engagement in liP activity.
- Developed a Leadership Model, leadership competences and an Employee Engagement Standard. These have all been largely bespoke and developed to meet College needs.
- Development of the 'Collective Ambition' brand and related marketing collateral.
- Organised a number of innovative masterclasses for the College's leadership cohort. External partners, key stakeholders and FE Sector staff have also attended some of these events.
- Drafted a significant Leadership Development: Workforce Activity Plan 2012-14, supporting the College's People Strategy.
- Organised a series of cross College Open Forums for staff culminating in an all staff event held at the Ulster Hall in April 2012.
- Agreed a new staff Reward & Recognition process in the College.
- Set up a College Ambassador Scheme to retain links with former employees.
- Negotiated a partnership with AMiE (Association of Managers in Education) to provide a collaborative perspective to the development of its educational managers and leaders, as well as emerging and current teaching practitioners.

### **Quality Management Standards and Business Improvement Awards**

During 2011/12 the College maintained a number of highly regarded quality management standards, namely; Matrix, Customer 1<sup>st</sup>, ISO 9001, 14001, 16001 18001 and the EFQM Mark of Excellence award. The College's Investors in People revalidation process took place in November 2011 and the College was successful in retaining the Standard. All of these standards have been instrumental in driving further improvements across the business.

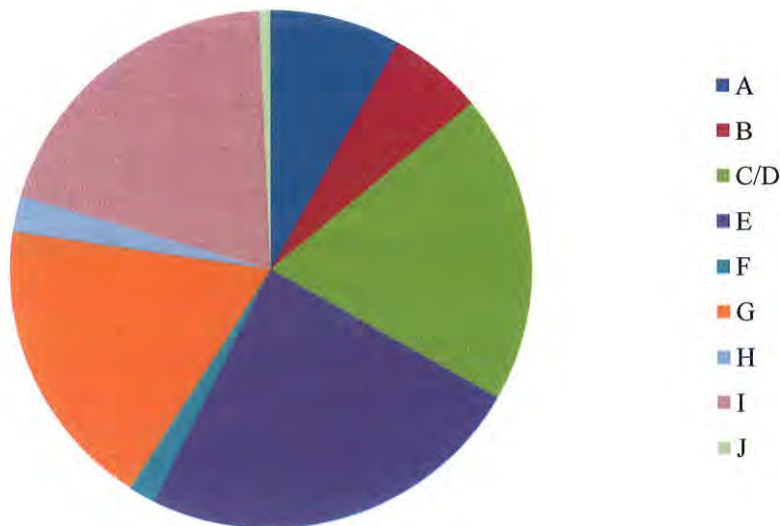
## Employee Development

The College continued to invest significantly in employee development activity in 2011/12 and secured further EU grants to support the delivery of a range of learning and development activities based on the College's Workforce Development Plan.

This Plan is facilitated by an annual and ongoing training needs analysis and focuses on the learner pathway, corporate initiatives and senior leadership development. The National Agency for Leonardo funding gave the College an "Excellent" rating for the management and impact of its 2010-2012 staff up-skilling project and identified several areas of national best practice.

During 2011/12 the equivalent of 4,475 participants engaged in 600 training and development activities resulting in 7,286 training days in total. These activities are grouped under the following corporate development categories:

- A Management Development
- B Post- Entry Training
- C/D Curriculum Development & Delivery
- E Technology Enhanced Learning
- F Learning Support Needs
- G Specialist Support including Equality, Health and Safety and Student Services
- H Industrial & Commercial Secondments
- I Conferences & Study Visits
- J Appraisal





Thirty academic staff completed the new two year PGCE (FE) programme at the University of Ulster in 2011/12. The College also engaged in a sector wide initiative to enhance leadership and management skills. Phase 1 focused on six core modules delivered through a series of masterclasses and seminars in areas such as:

- Creating Compelling and Winning Corporate Strategies
- Shaping Organisations
- Performance and Quality Management
- Motivating and Mobilising Workforces
- Creating Financial Accountability and Governance
- Driving Efficiencies and Income Generation.

### **European and International Partnerships**

College staff and students have also been supported by the College's Employee Development Service to engage in a range of projects and visits funded by the European Union Lifelong Learning (LLP) Programme; the aim of the programme being to share good practice and engage in collaborative activities across a range of curriculum areas.

Comenius funding for 2012-2014 has been secured for collaborative projects with an Austrian college in Salzburg. This project will be targeted at staff and students in the areas of Construction and Engineering to review sustainability and conservation practices in each country.

There has been ongoing participation across a range of projects with partners from Germany, Hungary, Greece, Poland, Italy, Netherlands, Cyprus, Finland and the Republic of Ireland to assist the College in developing new innovative curriculum approaches, utilising e-technologies to enhance the student learning experience. New Leonardo funding has recently been secured to continue this work from 2012-2014.

The international strategy for the College is now focused on three priority markets: China, Middle East and India. During the past year, the College hosted a two week visit from Beijing Polytechnic in order to foster further co-operation between the two organisations and a follow up business development mission to China and Hong Kong was undertaken. The College has committed to a joint venture with 30 colleges in the UK and the UK Association of Colleges to open a new representative office in India which will help to strengthen the opportunity pipeline.

A delegation from Abu Dhabi from the aerospace industry was hosted to consider development of training programmes for composite technicians. The recent changes in regulations from the UK Border Agency continue to present a significant challenge in student recruitment, but Belfast Met is working to develop other types of relationships with international partners to secure new business.

### **Corporate Social Responsibility**

Belfast Met recognises its social responsibility as an education and training provider to influence the economic life, social cohesion and well being of the society in which it is established.

During 2011/12 the College engaged in a range of activities to benefit the environment, employees, communities and other stakeholders. Through its continued partnership with Business in the Community, the College has strengthened its involvement with the Primary Schools' initiative Time to Read, and the Silver Surfers and the Cares Action programmes.



In December 2011 Belfast Met staff supported and gave generously to the Cares @ Christmas campaign. A staff payroll giving scheme is in operation to support the work of local and national charities; 52 staff currently support this initiative.

### **Promoting Well-Being**

The College continues to develop an environment that fosters employee wellbeing and respect for equality and diversity. To support this aim, Belfast Met has developed a package of flexible approaches to work that meet the emerging service needs of the College whilst delivering work life balance for staff.

Throughout the 2011/12 period, the College offered a “Planning Your Future” suite of initiatives. This support programme was targeted at staff planning to retire or avail of the College’s voluntary redundancy programme and included the delivery of seminars on financial planning, building a CV, Interview skills and preparation for retirement.

Training was also provided across 2011/12 on Safeguarding Young People and Vulnerable Adults.

### **Equality, Diversity and Inclusion in Employment**

Under the Fair Employment and Treatment (Northern Ireland) Order 1998 (the FE Order) and the Fair Employment (monitoring) Regulations (Northern Ireland) 1999 (as amended) employers must monitor the community background of their employees, applicants for jobs, leavers, appointees, promotes and apprentices (where relevant). Monitoring reports are produced annually and submitted by the College to the Equality Commission. Every three years under Article 55 of the FE Order, the Governing Body must provide a comprehensive report of employment trends in the College, identifying any gaps and actions to address the imbalance. The Annual Return was submitted to the Equality Commission this year and affirmative action measures were agreed with the Equality Commission following the submission of the Article 55 report.

The College continuously reviews its policies and procedures to ensure that they do not breach other anti-discrimination legislation e.g. age, sexual orientation in employment. By virtue of Section 75 of the Northern Ireland Act 1998 (Section 75) the College in carrying out all its functions, powers and duties is required to have due regard to the need to promote equality of opportunity:

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

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

The College is committed to the fulfilment of its Section 75 obligations in all parts of its organisation and submits an annual review of its progress in this regard to the Equality Commission. The College informs the Governors through the Resources Committee of its progress on a quarterly basis. 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 and good relations are implemented effectively and on time.



During the 2011/2012 the College developed a new Equality Scheme and associated Equality Improvement Plan as required by the Equality Commission. This Scheme and Improvement Plan was approved by the Equality Commission in January 2012. Actions to implement both have been communicated and are being incorporated into operational business plans.

In recognising its obligations under the Disability Discrimination Act 1995, the College makes reasonable adjustments for staff to enable access to the workplace, facilities and opportunities. The College also has in place a Disability Action Plan to ensure compliance with the positive attitudes and participation aspects of this amended legislation. Actions in respect of staff, student and the Governing Body are included in this Plan.

Awareness training on all equality legislation (including Section 75 and anti-discrimination legislation) was organised for staff during the year together with specialist disability training for front line staff. In 2011/12, 693 academic and support staff attended a variety of Equality and Safeguarding related activities including sessions on Equality Law and Implications for Further and Higher Education, Action on Hearing Loss, Supporting Students with Autism Spectrum Syndrome, Visual Awareness training, SENDO updates and a variety of Diversity Awareness and Homophobia Awareness sessions.

The College is currently working with the University of Ulster to develop a programme to enable deaf tutors to obtain a recognised teaching qualification. Going forward, the College will focus on the promotion of equality of opportunity, the promotion of good community relations and the celebration of cultural diversity.

#### **Sustainability Initiatives at Belfast Met**

The College EnviroMET team, drawn from academic and support staff across a range of curriculum and support areas, as well as representation from the Students' Union continued its work to embed a culture of responsible citizenship and sustainability within the College. The College has been shortlisted in the national Green Gown Awards and been recognised by Business in the Community's Arena Survey for its activities.

The Estate & Facilities Management team has also been successful in achieving ISO 14001 and ISO 50001 Environmental and Energy Management systems certification and completed the construction of the TQ and e3 campuses to BREEAM ratings of VERY GOOD and EXCELLENT respectively.

A College Travel Plan was launched in conjunction with the Department of Regional Development and Travelwise and is the first such plan for the FE sector in Northern Ireland. To date 55 staff have availed of either the Translink discounted bus-fare Tax Smart and Cycle to Work schemes for staff as part of this plan.

Staff and students participated in activities to promote National Climate Week and World Environment Day including a video-conference event for Built Environment staff and students from four Regional Colleges on the sustainable construction of the new TQ and e3 buildings.

EnviroMET has also supported national campaigns such as "Reduce, Reuse, Recycle" and "Love Food: Hate Waste". The use of double-sided photocopying and e-payslips have been implemented to reduce paper consumption within the College as well as the increasing use of web and social media marketing to support the delivery of the College Corporate Communications and Marketing Plan.





**Our** Governors



## OUR GOVERNORS

### Belfast Metropolitan College Governing Body

Our governors are drawn from a wide range of backgrounds and bring extensive experience to the management of our business. The governors of Belfast Met are all unpaid volunteers and in addition to serving on the Governing Body and its sub committees (Audit and Risk, Curriculum, Quality and Engagement, and Resources) the governors give freely of their time in support of a whole range of College activities and initiatives.



#### **Richard O'Rawe, Chair of the Governing Body**

Richard O'Rawe is Managing Director of Stellar Leadership Ltd, a company dedicated to leadership development for senior managers across private, public and third sector organisations. He has an MSc in Executive Leadership and has worked across Ireland, in Great Britain and overseas. He started his career in the public sector, working in housing. In 1988 he moved into the third sector with a remit for sub-regional development of enterprise and employment. Since 1994 he has held company director roles in the private sector. Other voluntary positions have included Chair of the Beat Initiative, Chair of the East Belfast Partnership and Chair of the arts organisation, Audiences Northern Ireland. Mr O'Rawe was appointed as Chair of the Governing Body in September 2010.

#### **Ian Walters, Audit and Risk Committee (Chair)**

Prior to his retirement in 2010 Ian Walters was, from 2002, the Chief Executive of Action Mental Health, responsible for strategic, operational and financial planning. He continues to provide consultancy to AMH. Prior to this, he was the Chief Executive of the Training and Employment Agency, providing training services to industry. Dr Walters is a Fellow of the Institute of Mechanical Engineers, Fellow of the Chartered Management Institute and Fellow of the Royal Society of Arts and Manufactures.

#### **Frank Bryan, Audit and Risk Committee, Curriculum, Quality and Engagement Committee**

Frank Bryan is managing director of Bryan Powercom Ltd, which specializes in data and electrical installations, and Chief Executive of QUBIS, Queen's University's venture spin-out company. He has extensive business interests and is a non-executive director of the Institute of Directors' UK National Board. He is a Chartered Electrical Engineer. He is a member of the OFMDFM cross-sectoral advisory forum, and has been a member of the Review of Public Administration Working Group, the MATRIX – Northern Ireland Science and Industry Board, the Economic Development Forum, and the Northern Ireland Civic Forum.

#### **Joe Eagleson, Resources Committee**

Joe Eagleson was Chief Executive of Enterprise Ulster for 24 years, responsible for strategic direction, corporate governance and operational management. He is a civil engineer by profession. Mr Eagleson is the past Honorary Secretary of the Irish Rugby Football Union (Ulster Branch), has been involved in the Scouts' Association (auditor and treasurer) and has been Chair of the training advisory group for the Chief Executives' Forum. He is Chair of Lisburn Building Preservation Trust.

#### **Sam Hagen, Resources Committee**

Sam Hagen is an accountant by profession and has worked throughout his career in the central government sector within Northern Ireland. Mr Hagen is a Corporate Services Director in a Non Departmental Public Body. His experience in central government finance spans over twenty years and extends into corporate governance and business process re-engineering. Mr Hagen was co-opted onto the Governing Body in November 2008.



### **Norman Hamilton**

The Very Reverend Doctor Norman Hamilton has been the minister of Ballysillan Presbyterian Church in North Belfast for over 20 years. He is very well known for his involvement in the life of North Belfast and its community relations for which he was awarded an OBE in 2007. He was the Moderator of the Presbyterian Church in 2010. He has degrees from Trinity College, Dublin and Queen's University, Belfast and began his training for the Presbyterian Ministry at Union Theological College, Belfast.

### **Patricia Haren, Curriculum, Quality and Engagement Committee (Chair)**

Patricia Haren, Director of the Women's Support Network since 2004, plays a strategic role as a leader within the Women's Sector advancing and supporting the work of over 62 women centres and groups. She has worked extensively within the community, further education and private sector, previously as Director of the Bytes Project, as manager of an RTO (Recognised Training Organisation), as part-time lecturer, and as a training consultant. She has an MSc in Executive Leadership, a BA (Honours) Administrative Management and a Diploma in the Management of Training and Development including CIPD accreditation.

### **Ivor Johnston, Audit & Risk Committee**

Ivor Johnston, who lives in Belfast, is a senior financial manager who has spent his working life in public sector finance. His current post has involved establishing effective corporate governance arrangements, including managing audits and establishing financial and risk management controls. He was previously a governor at Castlereagh College.

### **Wendy Langham, Curriculum, Quality and Engagement Committee, Resources Committee**

Wendy Langham is Programme Manager at the East Belfast Partnership. She has been involved in the strategic direction, planning and sustainability of the organization. She has an extensive background in finance, operations and project management. She was awarded social entrepreneur of the year in 2010.

### **John McGrillen, Audit and Risk Committee, Curriculum, Quality and Engagement Committee**

John McGrillen is Director of Development in Belfast City Council. He has strategic responsibility for economic development, tourism, European affairs, community services, urban regeneration, and city venues and events. He previously worked as Chief Executive of Down District Council and, prior to that, Chief Executive of Northern Ireland-CO, a consultancy company engaged in international development. He has been a board member of the Northern Ireland Tourist Board. Mr McGrillen lives in Ballynahinch.

### **Ciarán O'Grady, Audit and Risk Committee, Curriculum, Quality and Engagement Committee**

Ciaran O'Grady was until recently Principal of Our Lady of Lourdes Primary School, Belfast having given 24 years service as Principal. He has also been an associate of the Regional Training Unit, delivered leadership and management courses for principals and been an assessor in the Professional Qualification for Headship Programme. He has considerable experience in recruitment and selection, change management and partnership models in education and is deeply committed to the learner journey through the education system. Mr. O'Grady holds a number of postgraduate qualifications including a Masters degree in leadership and management.

### **Ken O'Neill, Audit and Risk Committee, Curriculum, Quality and Engagement Committee**

Professor Ken O'Neill is Professor Emeritus of Entrepreneurship and Small Business Development at the University of Ulster. His roles have included President of the International Council for Small Business, President of the UK Institute for Small Business Affairs, Board member of the UK's CBI SME Council, UK Vice-President of the Institute of Business Advisors, member of the BBC Broadcasting Council for N Ireland and Chair of Young Enterprise (N.I.) Ltd. He is also on the Academic Advisory Council of the Chartered Management Institute and is Chair of Barnardo's Children in Grief Appeal. He was the first person to be awarded The Queen's Award for Enterprise Promotion – Lifetime Achievement Award (2005).



**Lindsey Smith, Resources Committee, Curriculum, Quality and Engagement Committee**

Lindsey Smith is a self-employed consultant providing leadership and management services. She is a qualified human resource professional and is currently a part-time lecturer in change management and organisational behaviour at the University of Ulster. She was previously the regional manager of the Identity and Passport Service.

**David Taylor, Resources Committee (Chair),**

David Taylor was formerly Financial Controller of Latens Systems. Prior to joining Latens Systems he worked as financial controller of Nambarrie Tea Company and then in a number of start up companies. He is a fellow of Chartered Accountants Ireland, a member of the Institute of Personnel Development and a graduate of Queen's University, Belfast. Mr Taylor was co-opted onto the Governing Body in December 2008.

**Francis Turley**

Francis Turley served a second year on the Belfast Met Governing Body having being re-elected by the student body. He successfully graduated in social work studies in July 2012.

**Principal and Chief Executive Marie-Thérèse McGivern**

Marie-Thérèse McGivern began her career as a teacher in further education. In the 90's, she moved to develop policy for the youth service in N Ireland and in 1995 joined the Civil Service as a secondee to the Urban Regeneration Initiative, Making Belfast Work. In 1999 she joined the Belfast City Council as Director of Development. She has spoken all over the world on the issue of urban regeneration and held numerous advisory, visiting and honorary posts. In November 2009 she returned to further education and became Director and Chief Executive of Belfast Met, the biggest further education College in N Ireland.

*The following completed their periods of tenure during the year 2011/12*

**Carmel McKinney** (succeeded by Norman Hamilton, see above)

Carmel McKinney was a primary school principal in Belfast. She is a former Chair of the Belfast Education and Library Board (BELB) and is currently the vice Chair of the transitional Board of the BELB. She is also an associate member of the Education and Training Inspectorate and governor of a local primary school. Ms McKinney has been a Ministerial nominee on a range of public bodies. She served on the Curriculum, Quality and Engagement Committee. In 2009 Ms McKinney was awarded an OBE for her services to education in N Ireland.

**David Rodway** (succeeded by Ciarán O'Grady, see above)

David Rodway is a marine consultant and a former councillor on Belfast City Council. He joined the Governing Body in April 2008 and served on the Resources Committee and the Curriculum, Quality and Engagement Committee.

2011/12

## Members

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

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served
Mr Frank Bryan	01/08/2011	31/07/2015	N/A	BIP Business, Industry, Professional Category	Audit & Risk Committee (ARC); CQEC
Mr Joseph Eagleson	01/08/2011	31/07/2015	N/A	BIP	Resources Committee (RC)
Mrs Patricia Haren	01/08/2011	31/07/2015	N/A	BIP	Curriculum, Quality and Engagement Committee. (CQEC)
Mr Ivor Johnston	01/08/2011	31/07/2015	N/A	BIP	ARC
Miss Wendy Langham	01/08/2011	31/07/2015	N/A	BIP	RC; CQEC
Mr John McGrillen	01/08/2011	31/07/2015	N/A	BIP	ARC; CQEC
Professor Kenneth O'Neill	01/08/2011	31/07/2015	N/A	BIP	ARC; CQEC
Mr Richard O'Rawe	01/09/2010	31/08/2014	N/A	BIP	Chair of Governing Body
Ms Lindsey Smith	01/08/2011	31/07/2015	N/A	BIP	RC; CQEC
Dr Ian Walters	01/08/2011	31/07/2015	N/A	BIP	ARC
Mr Sam Hagen	27/11/2008	26/11/2012	N/A	Co-opted	RC
Mr David Taylor	03/12/2008	02/12/2012	N/A	Co-opted	RC
Ms Carmel McKinney	03/04/2012	02/04/2016	22/04/12	BELB nominee	CQEC
Very Rev Dr Hamilton	16/05/2012	15/05/2016	N/A	BELB nominee	
Mr David Rodway	03/04/2008	02/04/2012	N/A	BELB nominee	RC; CQEC
Mr Ciaran O'Grady	03/04/2012	02/04/2016	N/A	BELB nominee	ARC; CQEC
Mr Frances Turley	07/11/2011	30/09/2012	N/A	Student	
Ms Marie-Thérèse McGivern	01/11/2009	N/A	N/A	P&CE	



---

**Finance** and Operating Review



## FINANCE AND OPERATING REVIEW

### Financial Objectives

The College's financial objective is to achieve a sustainable financial position that facilitates a trading surplus. Associated KPIs are that the College will

1. Meet financial targets agreed through the CDP process
2. Manage funds within the limit of the College's borrowings
3. Increase the percentage of non flu income versus flu income.

### Finance and Going Concern

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

### NDPB Status

In October 2010, the Office of National Statistics reclassified further education Colleges from Non-Profit Institutions Serving Households to Central Government, that is from the private to the public sector. 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 Employment and Learning (and required to accord with the same budgeting and reporting disciplines as other Non Departmental Public Bodies). To date the Department of Finance and Personnel have confirmed that this position is in place at least until 31 March 2015. The College is currently working with the Department for Employment and Learning to determine the future impacts and implications of the change.

### Financial Results

The College generated an operating deficit after exceptional items of £2.5m (2010/11 deficit of £6.3m). The recurrent deficit before exceptional items was £1.6m and arose primarily from the technical accounting treatment for the TQ PFI bullet payment of £15m made in September 2012. This resulted in additional interest and services charges in 2011/12 and along with the change in accounting policy for the recognition of DEL contribution to PFI in the 2010/11 accounts, results in £1.7m additional cost in 2011/12. The exceptional item relates to redundancy payments for support staff of £863k. Taking these items into account the College's underlying operational position was a surplus of £0.1m.

There have been significant movements in the balance sheet which have arisen as a result of the additions relating to the TQ and e3 buildings and equipment. The overall impact is a £56m increase in fixed assets, a £5m reduction in current assets as land relating to the TQ contract was reclassified to fixed assets and a £13m increase in current liabilities which includes the commitment to pay a £15m bullet payment in September 2012. The net impact of these changes is the College holding net current liabilities of £11m. This position is temporary, arising from the £15m bullet payment liability which will be discharged in September 2012, through agreed funding from the Department.

### Income

The College's total income for the year was £63.2m, an increase of £8.8m from 2010/11. Of the increase £3.7m relates to DEL's contribution to PFI costs as the College now has two PFI buildings with TQ becoming operational in August 2011. A further £4.7m relates to the release of deferred capital grants of which £4.2m was released to match impairments on TQ land following the full revaluation by Land and Property Services at 31 July 2012. Income from Education Contracts rose slightly by £0.2m to £5.0m and tuition fees and charges fell by £1m to £7.1m. This fall was primarily due to the loss of a number of non public sector contracts arising from the downturn in the economy.



## Expenditure

Expenditure was above 2010/11 levels at £64.8m compared to £57.5m in the prior year. Key movements within this include:

### Staff Costs

- Staff costs have decreased by £5.1m, which includes a decrease of £4.1m in full-time lecturer costs following the restructuring of academic staff in 2010/11. In addition the FRS 17 adjustment was £0.6m lower than the previous year. The balance relates to the realisation of some savings from the support side restructuring plus improved management of part-time and agency costs.

### Other Operating Expenses

- PFI unitary payment operating costs have increased by £3.1m, and PFI interest payments are £3.3m higher as a result of the second PFI building, TQ becoming operational in August 2011.
- Premises expenditure is £1.1m higher than 2010/11 due to equipment purchases for the new e3 building which was completed during the year. These were matched by grant funding from DEL.
- An impairment charge of £4.2m was incurred on TQ land following the full revaluation at the year end. This is matched in the Income and Expenditure Account by a release from deferred capital grant.

As a result of the explanations set out above the College reports a historic deficit outturn of £1m versus an original budget in the College Development Plan of £0.1m surplus. This is within the parameters allowed by the Financial Memorandum.

The College has significant reliance on DEL for its principal funding source, largely from recurrent grants. In 2011/12, DEL provided 69% of the College's total DEL income through allocated recurrent grant. This represented 24% of the total recurrent grant available to the sector.

### Subsidiaries

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

SEV Ltd's income is generated mainly from letting income raised from the Community Learning Centre (formerly MCOC) situated on the College's Springvale campus. The company's objective is to widen access to education and training with a strong community ethos. The Belfast Metropolitan Trust receives income through charitable donations and fund raising to assist students by granting scholarships and sponsorship of events.

SEV Limited has sustained operating losses since its incorporation with a trading deficit of £0.1m in the year ending 31 July 2012 (2010/11 deficit £0.1m). The Directors of SEV Limited have prepared a three year business plan which has been approved by the Governing Body which aims to return the company to a profitable position within the period of the plan.

The Trust reported a net reduction in funds of £11k for the year ending 31 July 2012 (2010/11 reduction of £5k).



### Reserves

The College has accumulated reserves of £54.7m (Group), £52.5 m (College) including FRS 17 pension reserves. Revaluation reserves have accumulated through revaluations on land and buildings inherited on incorporation at no cost from the Education and Library Boards. The College has cash balances of £6.4m at the year end which includes funds to meet the restructuring costs for 2011/12, the finalization of e3 and working capital to meet the day to day requirements of the College. Cash reserves need to be build up to facilitate repayment of the loan taken by the College to manage cashflow issues during the 2011/12 period.

### 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. The College experienced an operating cash inflow of £3.9m during the year compared to an outflow of £3.7m in the prior year. The overall cash balance as at 31 July 2012 is £6.4m, which is an increase of £4.5m on last year.

Where it has surplus funds the College has a policy of spreading risks across four investment banks in its money market deposits with a maximum of 60% investment in any one bank.

### Liquidity

The cash balance of £6.4m represents a Key Performance Indicator of 41 days, which is above the DEL target of 25-35 days. The increased cash arises due to the payment of redundancy costs (of £0.9m) relating to 2011/12 which are scheduled for August 2012. Taking this spend into account the adjusted balance is £5.5m, and 35 days which is in line with the DEL target.

The Current Ratio KPI for the sector is in the range of 1.5 – 2.5 and for 2011/12 the College Current Ratio was 0.5 (2010/11 1.9). This is due to the £15m TQ payment included within Current Liabilities at the year end. This £15m will be funded by DEL. Adjusting for this brings the current ratio to 1.5.

The College entered into an agreement with Southern Regional College during the year to borrow £2m to fund working capital. Of the borrowing £1m is due for repayment on 31 August 2014 and £1m is due for repayment on 31 October 2014, and in any event the entire loan shall be repaid by no later than 31 January 2015.

### Debts Written Off

The College wrote off debts during the year totaling £48,095. No one debt is deemed material and all write offs were completed in line with College Policy and DEL permission was obtained where applicable.

### 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 and 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 2011 to 31 July 2012, the College paid 60% of its invoices within 30 days (2010/11 47%). The College incurred no interest charges in respect of late payment for this period.



### Land and Buildings

Land and buildings were subject to a professional full valuation by Land and Property Services (LPS) on 31 July 2012. This has resulted in a net upward revaluation of £7.6m. Of this upward revaluation a £11.8m adjustment has been taken to the revaluation reserve and £4.2m taken to the Income and Expenditure as an impairment.

### Development Projects

During the year the College completed the construction of the e3 building at the Springvale campus which became operational in June 2012. This will provide a centre for enterprise, employability and entrepreneurship. This project was financed by grants from the International Fund for Ireland (IFI) and DEL.

College Square East and Brunswick Street are expected to be sold within the 2012/13 financial year.

### Resources

The College has various resources (estates, financial and people) at its disposal that it can deploy in pursuit of its objectives.

### Estate

The College's consolidated estate as at 31 July 2012 consists of freehold land valued at £15m and buildings valued at £100m. The estate includes campuses at:

- Millfield – building under a PFI agreement (£36,690k)
- College Square East (£2,000k)
- Brunswick Street (£2,000k)
- Tower Street (£2,983k)
- Castlereagh (£11,057k)
- Whiterock (rented)
- Springvale Road (£2,305k)
- Parkmore (£365k)
- Riddell (£205k)
- Titanic Quarter – building under a PFI agreement (£44,766k)
- e3 – (£13,062k)

The College also operates from many outreach centres across Belfast and the wider area. The College has recently finalised its estates strategy which seeks to consolidate activity on 4 main campuses, TQ, Millfield, Springvale and Castlereagh, supported by up to 6 satellite sites.

### Financial

Net assets at 31 July 2012 were £54.7m (2010/11 £48.6m). This includes £9.8m pension liability (2010/11 £3.2m), and a debtor of £1.5m on PFI prepayments (2010/11 £1.6m).

### People

The College employs 874 staff (expressed as full-time equivalents-the 874 includes 4 SEV employees), of whom 492 are teaching staff. Staff absenteeism for the period 1 August 2011 to 31 July 2012 was 3%, a total of 8,967 days.

### Reputation

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

### **Principal Risks and Uncertainties**

The College's system of internal control, including financial, operational and risk management, which is designed to protect the College's assets and reputation has been undergoing continuous review and improvement over the past few years and this continued during the year ended 31 July 2012.

The College's Audit and Risk Committee, chaired by an independent non executive, is responsible for providing assurance to the Governing Body that effective risk management, governance and control arrangements are in place.

The College risk policy provides guidance on all key aspects of risk including risk appetite, the roles and responsibilities of the Governing Body, Audit and Risk Committee, Directorate, Managers, Staff and the Risk Manager. This document has been signed off at both Governing Body and Executive level. The strategy also includes a guide to assist managers with risk assessment, a RAG system for recording level of risk and a 4X4 numerical assessment system. The constituent parts of the risk register are also detailed i.e. summary, matrix (appetite) and additional information for individual risks.

The College has identified and responded to changes in the risk environment effectively during the year. At the corporate level, the Risk Manager meets quarterly with individual Directors to review the risks for which they are responsible. This review is holistic and includes the nature of the risk, the level of the risk, the risk factors, links with the College Development Plan and Key Performance Indicators, current controls and their effectiveness, progress made in relation to previous identified actions and any new actions arising.

The principal risk factors which affected the College during the year were associated with the continuing viability and sustainability of the College, necessitating the implementation of the College Development Plan which was finalised in October 2010, the delivery of two major capital projects (TQ and e3) embedding the restructure while maintaining service levels, meeting enrolment targets and managing to remain adaptive to the changing economic environment.

### **Post Balance Sheet Events**

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



---

## **Other** Disclosures

## OTHER DISCLOSURES

### Disclosure of Information to Auditors

These accounts are subject to audit 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 2011/12.

### 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.

### Charitable and Taxation Status

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

### Charitable/Political Donations

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

### Professional Advisers

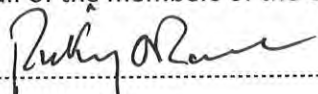
External Auditors: Northern Ireland Audit Office  
106 University Street  
Belfast, BT7 1EU

Internal Auditors: PwC  
Waterfront Plaza  
8 Laganbank Road  
Belfast, BT1 3LR

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

Solicitors: Pinsent Mason  
Arnott House  
12-16 Bridge Street  
Belfast, BT1 1LS

For and on behalf of the members of the Governing Body

Chairman 

Date 28/11/12



---

# Financial Statements

Further Education College Remuneration Report
Corporate Governance and Accountability
Statement of the Responsibilities of the Governing Body
Accounting Officer's Report to the Governing Body
Certificate and Report of the Comptroller and Audit General to the Northern Ireland Assembly
Consolidated Income and Expenditure Account
Consolidated Statement of Historical Cost Surpluses and Deficits
Consolidated Statement Of Total Recognised Gains and Losses
Balance Sheets
Consolidated Cash Flow Statement
Notes to the Financial Statements



## FINANCIAL STATEMENTS

### BELFAST METROPOLITAN COLLEGE REMUNERATION REPORT

#### Remuneration policy

##### Members of the Governing Body

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

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

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

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

##### The Director and Senior Management Team

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

The Director and Senior Management Team hold permanent appointments. The normal retiring age is 65, although staff may retire at any time after age 60 with no diminution of earned pension benefits. Policy relating to notice periods is contained in the College's Staff Handbook.

##### Minimum pay levels

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

##### Progression

There is no incremental progression for 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 within 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 Colleges Maternity Leave Scheme, Paternity Leave Scheme, Adoption Leave Scheme and flexible working arrangements.

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

### Service contracts

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

### Salary and pension entitlements

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

#### Remuneration (audited information)

Senior Management	2011-12		2010-11	
	Salary £'000	Benefits in kind <sup>5</sup> £	Salary £'000	Benefits in kind <sup>5</sup> £
<b>M T McGivern</b> Director	115 - 120	172.63	115 - 120	111.96
<b>Justin Edwards</b> <sup>1</sup> Assistant Chief Executive/Director of Curriculum	70 – 75 (80 -85 FYE)	0.00	N/A	N/A
<b>E Hartin</b> Chief Operating Officer	80 - 85	147.14	40 – 45 (80-85 FYE)	0
<b>Damian Duffy</b> <sup>2</sup> Director of Development & Learner Services	75 – 80 (80 – 85 FYE)	0.00	N/A	N/A
<b>T Smyth</b> <sup>3</sup> Deputy Director Curriculum Programmes	75 - 80	0.00	80 - 85	0.00
<b>P Kane</b> <sup>4</sup> Deputy Director (acting) Change Management	90 - 95	0.00	80 - 85	80.78

<b>M Lavery<sup>5</sup></b> Deputy Director Curriculum services	N/A	N/A	150-155	0
<b>J Lee<sup>6</sup></b> Deputy Director Learner Services	N/A	N/A	150-155	0

#### Notes

<sup>1</sup> Justin Edwards commenced employment 1 September 2011. Normal FYE Salary £80k-£85k

<sup>2</sup> Damian Duffy commenced employment 22 August 2011. Normal FYE Salary £80k-£85k

<sup>3</sup> Trevor Smyth ceased employment on 31 Aug 2011. Salary costs this year include a redundancy payment of £72,852 paid August 2011.

<sup>4</sup> Paul Kane was appointed Acting Deputy Director on 1 Feb 2010 and ceased employment on 31 October 2011. Salary costs this year include a redundancy payment of £70,457 paid October 2011.

<sup>5</sup> Benefits in Kind are mileage payments over HMRC advisory rates.

<sup>6</sup> M Lavery ceased employment on 31 July 2011. Salary costs included a redundancy payment of £69,209.25 paid July 2011.

<sup>7</sup> J Lee ceased employment on 31 July 2011. Salary costs included a redundancy payment of £67,995.05 paid July 2011.

	<b>2011-12</b>	<b>2010-11</b>
	<b>£'000</b>	<b>£'000</b>
<b>Band of highest paid directors total remuneration</b>	115-120	115-120
<b>Median total remuneration</b>	34,548	34,030
<b>Ratio</b>	3.44	3.44

#### 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.

#### Redundancy

During the year the College implemented a restructure of its support functions. In total 45 staff availed of the enhanced voluntary redundancy scheme at a cost of £863k.



## Pension entitlements (audited Information)

Senior Management	Accrued pension at age 60 as at 31/7/12 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/7/12	CETV at 31/7/11	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
<b>M T McGivern Director</b>	75-80	-	1,139	1,034	105
<b>J Edwards Assistant Chief Executive/Director of Curriculum</b>	0-5	-	25	19	6
<b>E Hartin<sup>1</sup> Chief Operating Officer</b>	Not Eligible	Not Eligible	18	-	-
<b>D Duffy<sup>1</sup> Director of Development and Learner Services</b>	Not Eligible	Not Eligible	13	-	-

<sup>1</sup> Was not eligible for benefits at the 31/07/2012, as does not have the necessary 2 full years qualifying service post 1988).

### Pension arrangements

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

Contributions to the NITPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective /benefit method. The NITPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The NITPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

### **Cash Equivalent Transfer Values**

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

The actuarial factors used in the CETV calculations were changed as of 6 July 2010, due to changes in demographic assumptions and the move from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) as the measure used to uprate pensions.

### **Real increase in CETV**

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



## **BELFAST METROPOLITAN COLLEGE**

### **CORPORATE GOVERNANCE AND ACCOUNTABILITY**

The following statement is given to assist readers of the Financial Statements to obtain an understanding of the Governance procedures applied by the Governing Body of the College.

The College is an autonomous body established under the Further Education (Northern Ireland) Order 1997. Like most public bodies it operates within a strong framework of regulation. Not only does the College comply with all mandatory requirements but it also strives to operate that guidance which represents best practice.

#### **Summary of the College's Structure of Corporate Governance**

##### **Governing Body**

The College's Governing Body comprises of members appointed by the Minister for Employment and Learning, members nominated by the Education and Library Board for the area, staff and students of the College, the Chief Executive Officer (CEO)/principal and people co-opted by the Governing Body. The role of the Chairman of the Governing Body is separate from the role of the College Principal / Director as Chief Executive. The Governing Body is responsible for the ongoing strategic direction of the College whilst the Executive Officers are responsible for the operational management of the College. The Governing Body approves all major developments and receives regular reports on the activities of the College and its subsidiary companies. The Governing Body met 8 times during the 2011/12 year and has 3 committees, a Curriculum, Quality and Engagement Committee, an Audit and Risk Committee and a Resources Committee (inter alia responsible for Finance, Human Resources and Estates). All of these committees are formally constituted with terms of reference and comprise mainly lay members of the Governing Body.

Full minutes of Governing Body meetings are available from the secretary of the Governing Body or on the College website. The secretary to the Governing Body maintains a register of financial and personal interests of the Governing Body members and this is also available for inspection. Formal agendas, papers and reports are supplied to the Governing Body members in a timely manner.

##### **Audit and Risk Committee**

The Audit & Risk Committee is responsible for reviewing the effectiveness of the College's accounting procedures and systems of internal control. It provides a channel of communication from the College's auditors, which is not controlled by College management. It also must satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness. The Committee met 5 times during the 2011/12 year to discuss reports from the External and Internal Auditors and the relevant responses. It also receives and considers reports from the Department for Employment and Learning. It reviews the College's annual financial statements to ensure compliance with legislation and accounting standards. Whilst Executive Officers and other officials attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee can meet with auditors on their own for independent discussions.

##### **Resources Committee**

The Resources Committee supervises all matters relating to the finance of the College, the College's assets and resources including estates and all human resource matters. It supervises all matters relating to the finance and accounts of the College and the receipt of its income and expenditure. It also advises the Governing Body on their responsibilities as an employer of College staff and specifically to ensure that the College has clear and sound employment policies and procedures, that an effective human resource development/personnel service is in place, and that specialist legal and professional advice is used in drawing up procedures and in dealing with employment matters that arise. It is the duty of the Resources Committee to present a report to Governing Body. The Committee met 4 times during the 2011/12 year.

### Curriculum, Quality and Engagement Committee

The main business of the Curriculum, Quality and Engagement Committee is to advise and make recommendations to the Governing Body on the College's curriculum provisions, especially on its nature, quality and accessibility, and the extent to which it meets the needs of students and the wider community and also to oversee appropriate mechanisms for engaging the College's stakeholders. It is the duty of the Curriculum, Quality and Engagement Committee to present a report to Governing Body. The Committee met 3 times during the year 2011/12.

.....  .....  
Accounting Officer

..... 28/11/12 .....  
Date



**BELFAST METROPOLITAN COLLEGE**  
**STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY**  
**FOR THE YEAR ENDED 31 JULY 2012**

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

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

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

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

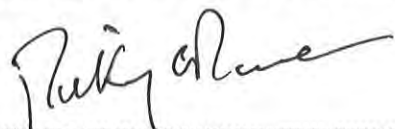
The Governing Body is also required to prepare an Annual Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

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

Approved by order of the governing body members on 28/11/12 and signed on its behalf by:



Richard O'Rawe, Chair



**BELFAST METROPOLITAN COLLEGE**  
**ACCOUNTING OFFICER'S REPORT TO THE GOVERNING BODY**  
**FOR THE YEAR ENDED 31 JULY 2012**

**STATEMENT ON INTERNAL CONTROL**

**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) issued by DFP and in accordance with the Financial Memorandum between DEL and the Further Education Colleges; I am accountable to the Northern Ireland Assembly, Parliament and the Department's Accounting Officer.

The Governing Body, supported by the Audit Committee and the Resources Committee, exercises an oversight role to ensure the effective use of resources, solvency of the College and the safeguarding of its assets.

The College has a complaints process in place, together with arrangements to ensure statutory compliance with matters such as whistleblowing.

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been undergoing continuous review and improvement over the past few years and this continued during the year ended 31 July 2012, and up to the date of approval of the annual report, and accords with DFP guidance. I have fully embedded the processes which the DEL has agreed should be established within the plan arising from the Efficiency Review, and have confirmed their robustness through validation by internal audit.

**Capacity to handle risk**

The College's risk management policy was approved by the Governing Body's Audit and Risk Committee. The policy clearly sets out the risk management arrangements across the College including respective roles and responsibilities, and the mechanisms for identifying and prioritizing risks. The policy was reviewed by Internal Audit in July 2012 who recommended several additions to the section on roles and responsibilities. The policy has now been updated.

Management restructuring and the consequent appointment of new managers has resulted in the import of additional expertise from non-educational sectors. As a result, the corporate risk register was redeveloped to improve presentation and provide additional information to the Governing Body and Senior Management. Managers and members of the Governing Body provide leadership in this area by ensuring that risks are integrated into all decision making.

The College's risk manager is based within the new Corporate Development Department which is responsible for providing assurance on organisational performance to the Principal and Chief Executive. The risk manager is responsible for ensuring that emerging good practice is disseminated throughout the organisation.



Despite the best efforts of management, situations can arise which result in risks materialising into events. If this should occur, it triggers the creation of an issue log to ensure that the resulting impact is managed as effectively as possible. Issue logs are reviewed by both Directors and by the Audit and Risk Committee to ensure that organisational learning is maximized.

During 2011/12 one risk was realised, that is the recruitment of sufficient students to meet FLU targets. On realisation of the risk an action plan was immediately developed and initiated. Early evidence from the 2012/13 enrolment is that these actions have been successful in addressing the underlying causes of the issue, with 2012/13 enrolment targets being met.

An intranet site has been developed by the Risk Manager to provide managers with easy access to key documents and codes of good practice. A training programme is currently being rolled out to ensure relevant staff members are aware of what is expected of them.

### **The risk and control framework**

The College's Audit and Risk Committee, chaired by an independent non executive, is responsible for providing assurance to the Governing Body that effective risk management, governance and control arrangements are in place.

The College risk policy provides guidance on all key aspects of risk including risk appetite, the roles and responsibilities of the Governing Body, Audit and Risk Committee, Directorate, managers, staff and the Risk Manager. This document has been signed off at both Governing Body and Executive level. The strategy also includes a guide to assist managers with risk assessment, a RAG system for recording level of risk and a 4X4 numerical assessment system. The constituent parts of the risk register are also detailed i.e. summary, matrix (appetite) and additional information for individual risks.

The College has identified and responded to changes in the risk environment effectively during the year. At the corporate level, the Risk Manager meets quarterly with individual Directors to review the risks for which they are responsible. This review is holistic and includes the nature of the risk, the level of the risk, the risk factors, links with the College Development Plan and Key Performance Indicators, current controls and their effectiveness, progress made in relation to previous identified actions and any new actions arising.

The corporate register is updated and collectively reviewed by the Directorate. Managers take the opportunity to challenge assumptions underpinning existing risk scores or use emerging information to examine risk treatment. Any agreed changes are incorporated prior to submission to the Audit and Risk Committee on a quarterly basis. Members seek assurance from management as required on the status of individual risks. The Chair of the Audit and Risk Committee provides regular reports to the Governing Body including the Annual Report of the Audit and Risk Committee.

Operational risk registers are maintained by both curriculum managers and departmental managers. Curriculum managers review their risks on a quarterly basis and these are integrated into the new curriculum planning process developed in 2011/12 by the Director of Curriculum. Departmental managers review operational risks at team meetings. The process was recently reviewed by Internal Audit in July 2012; although the content of these registers was broadly similar, it was acknowledged that the format was inconsistent. A new standardized risk register is now being developed and rolled out across the College. Managers currently escalate risks informally; the new common format and review by managers will formalize this process in future. In 2012/13 the process will be further strengthened by the incorporation of risk registers into Self Evaluation Reviews (SERs) conducted by departmental managers.

The College has separate arrangements for dealing with potential risks arising in relation to large capital projects i.e. Titanic Quarter and e3.



The College has established a policy schedule and associated review timeline with designated policy owners. Departments such as HR and Estates and Facilities management tailor policy reviews to synchronize with incoming legislation so as to anticipate and manage any risks which may emerge.

All College business cases require consideration of risk analysis and managers' job descriptions make specific reference to responsibility for risk management.

The College understands the need for all information used for operational and financial reporting purposes to be captured and processed accurately and to an appropriate quality. The College has drafted a publications scheme and has a data protection policy in place. Risks to information are managed by making clear in personnel job descriptions the requirement to manage risks to information, in particular in the job descriptions of the data protection officer, the Head of IT and the Head of HR. Also, all staff that access sensitive data or applications currently have additional security settings /passwords within applications to manage and protect data.

The College contracted out internal audit services for 2011/12 to a provider, PricewaterhouseCoopers (PWC), who conducted the internal audit in accordance with the standards defined in the Government Internal Audit Manual. As the contract with PWC has come to an end, a tender exercise for internal audit services was conducted and the College's new internal auditors are KPMG. The work of internal audit concentrates on areas determined by an analysis of the areas of greatest risk and in accordance with the Annual Internal Audit Plan approved by the Governing Body. The internal auditors report to the Accounting Officer and the Audit Committee on a regular basis and have direct access to the Governing Body and to the Chair of the Audit Committee. Internal Audit has issued an assurance statement to me which provides their opinion on the adequacy and effectiveness of the internal control system and the extent to which it can be relied upon. For the 2011/12 year the internal control assurance statement rated the College's internal control system as satisfactory. A summary of the findings from the reviews completed during 2011/12 is provided below.

Internal Audit Report	Rating
Financial controls and budgetary management	Substantial
Review of time-recording for part-time lecturers	Substantial
Procurement	Satisfactory
Review of Data Quality and MIS	Satisfactory
Review of Income	Satisfactory
Risk management and corporate governance arrangements	Satisfactory
Human Resources policies and procedures	Substantial

Within the review of Risk Management and Corporate Governance arrangements the following areas were given a limited rating:

- the adequacy and completeness of risk registers to ensure they are reviewed regularly and are periodically maintained by management
- behavioural and cultural indicators to ensure all management and staff of Belfast Met take responsibility for the management of risk, and that this is embedded in the Risk Management Strategy.

Within the review of Data Quality and MIS the following area was given a limited rating:

- effectiveness of data amendment and update controls.

Both reports were given a satisfactory rating overall and action is underway to resolve the identified issues.



### Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the College who have responsibility for the development and maintenance of the internal control framework, together with comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Governing Body and the Audit and Risk Committee, and a plan is in place to address weaknesses and ensure continuous improvement of the system in place.

My review of effectiveness of the system of internal control is informed by:

- Receiving reports from the Chair of the Audit and Risk Committee concerning internal control, governance and risk
- Reports submitted by the College's Internal Auditors identifying recommendations for improvement which College management have accepted and are addressing. The Internal Auditors have provided a satisfactory rating in relation to the systems of internal control
- The Corporate Risk Register and improvements made to risk management processes during the year
- Comments made by the Northern Ireland Audit Office in their Report to Those Charged with Governance.

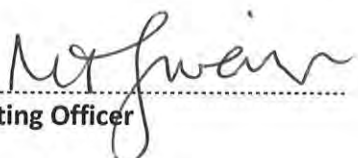
### Significant internal control problems

I consider that no instances of significant internal control issues, or non compliance with the Financial Memorandum have arisen over the period from August 2011 to July 2012 which should be disclosed in this statement.

The NIAO is currently undertaking a value for money investigation into the Titanic Quarter Capital Project. A final report is expected pre summer 2013.

The College continues to work on a number of priority 1 recommendations raised by Internal and External Audit. These include:

- Although the college addressed a number of priority 1 recommendations in relation to procurement raised as part of the 2010/11 audit, the 2011/12 audit has raised further priority 1 issues which the college will address.
- data protection and FOI where Internal Audit gave a limited assurance in May 2010 with key issues being in relation to data encryption and disaster recovery and business continuity planning. The former is being addressed in the College IT strategy and the data centre project.
- recommendation over the safeguarding of assets in particular the need to maintain an asset inventory. This will be addressed with the implementation of new asset management software.

  
Accounting Officer

28/11/12  
Date

## **BELFAST METROPOLITAN COLLEGE**

### **THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY**

I certify that I have audited the financial statements of the Belfast Metropolitan College for the year ended 31 July 2012 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. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Historical Surpluses and Deficits, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

#### **Respective responsibilities of the Governing Body and auditor**

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

#### **Scope of the audit of the financial statements**

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

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

#### **Opinion on Regularity**

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

#### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of Belfast Metropolitan College's affairs as at 31 July 2012 and of its deficit, cash flows and total recognised gains and losses for the year then ended; and

5 m.t.



- the financial statements have been properly 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 Employment and Learning directions issued thereunder.

### **Opinion on other matters**

In my opinion:

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

*sync*

### **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 on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.

### **Report**

My detailed observations on the implementation of the College Improvement Plan are included in my report at pages 105 to 108.

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

30 November 2012

**BELFAST METROPOLITAN COLLEGE  
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 JULY 2012**

	Notes	2012	2011
		£'000	£'000
<b>INCOME</b>			
Department for Employment and Learning grants	2	48,997	39,444
Education contracts	3	4,983	4,848
Tuition fees and charges	4	7,151	8,174
Other grant income	5	788	867
Other operating income	6	1,017	958
Investment income	7	286	123
<b>Total income</b>		<b>63,222</b>	<b>54,414</b>
<b>EXPENDITURE</b>			
Staff costs	8	33,188	38,309
Other operating expenses	10	23,612	16,331
Interest payable	11	39	440
Depreciation and Impairment	14	7,995	2,433
<b>Total expenditure before exceptional items</b>		<b>64,834</b>	<b>57,513</b>
<b>(Deficit) on continuing operations after depreciation of assets at valuation and before tax and before exceptional items</b>		<b>(1,612)</b>	<b>(3,099)</b>
<b>Exceptional Items</b>			
Exceptional costs - staff	8	863	3,212
Exceptional costs - non staff		0	0
<b>(Deficit) on continuing operations after depreciation of assets at valuation and before tax</b>		<b>(2,475)</b>	<b>(6,311)</b>
Loss on disposal of assets		0	0
<b>(Deficit) on continuing operations after depreciation of assets at valuation and disposal of assets but before tax</b>		<b>(2,475)</b>	<b>(6,311)</b>
Taxation	12	0	0
<b>(Deficit) on continuing operations after depreciation of assets at valuation and tax</b>	13	<b>(2,475)</b>	<b>(6,311)</b>

All amounts above relate to the continuing operations of the College

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



**BELFAST METROPOLITAN COLLEGE  
CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS  
FOR THE YEAR ENDED 31 JULY 2012**

	Notes	2012	2011
		£'000	£'000
(Deficit) on continuing operations after depreciation of assets at valuation and tax		(2,475)	(6,311)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	23	1,453	1,406
Realisation of property revaluation gains of previous years	23	<u>0</u>	<u>0</u>
<b>Historical cost (deficit) for the year</b>		<u><u>(1,022)</u></u>	<u><u>(4,905)</u></u>

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

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 JULY 2012**

		2012	2011
	Notes	£'000	£'000
(Deficit) on continuing operations after depreciation of assets at valuation and tax	13	(2,475)	(6,311)
Unrealised deficit on revaluation of fixed assets	23	11,865	(946)
Actuarial (loss)/gain in respect of pension scheme	25	<u>(6,615)</u>	<u>12,460</u>
<b>Total recognised (losses)/gains during the year</b>		<b>2,775</b>	<b>5,203</b>
Prior year adjustment		<u>0</u>	<u>(1,573)</u>
<b>Total recognised (losses)/gains since last report</b>		<b><u>2,775</u></b>	<b><u>3,630</u></b>
<b>Reconciliation</b>			
Opening reserves		32,840	27,637
Total recognised (losses)/gains for the year		<u>2,775</u>	<u>5,203</u>
<b>Closing reserves</b>		<b><u>35,615</u></b>	<b><u>32,840</u></b>

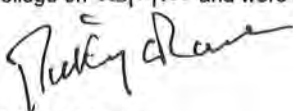
*The accompanying accounting policies and notes form an integral part of these financial statements.*



## BALANCE SHEETS AS AT 31 JULY 2012

	Notes	Group 2012 £'000	College 2012 £'000	Group 2011 £'000	College 2011 £'000
<b>Fixed assets</b>					
Tangible assets	14	118,969	116,664	63,460	61,680
Investments	15	0	0	0	0
<b>Total fixed assets</b>		<b>118,969</b>	<b>116,664</b>	<b>63,460</b>	<b>61,680</b>
<b>Endowment assets</b>	22	286	0	287	0
<b>Current assets</b>					
Stocks		0	0	0	0
Debtors	16	4,560	5,059	14,585	14,841
Cash at bank and in hand		6,426	6,285	1,889	1,848
<b>Total current assets</b>		<b>10,986</b>	<b>11,344</b>	<b>16,474</b>	<b>16,689</b>
Less: Creditors – amounts falling due within one year	17	21,895	21,869	8,898	8,836
<b>Net current (liabilities)/assets</b>		<b>(10,909)</b>	<b>(10,525)</b>	<b>7,576</b>	<b>7,853</b>
<b>Total assets less current liabilities</b>		<b>108,346</b>	<b>106,139</b>	<b>71,323</b>	<b>69,533</b>
Less: Creditors – amounts falling due after more than one year	18	43,838	43,838	19,457	19,457
Less: Provisions for liabilities	20	0	0	0	0
<b>Net Assets excluding pension liability</b>		<b>64,508</b>	<b>62,301</b>	<b>51,866</b>	<b>50,076</b>
Net pension liability	25	(9,773)	(9,773)	(3,258)	(3,258)
<b>Net Assets including pension liability</b>		<b>54,735</b>	<b>52,528</b>	<b>48,608</b>	<b>46,818</b>
<b>Deferred capital grants</b>	21	18,840	16,949	15,481	13,422
<b>Endowments</b>		280	0	287	0
<b>Reserves</b>					
Income and expenditure account excluding pension reserve	24	1,078	973	2,200	1,993
Pension reserve	25	(9,773)	(9,773)	(3,258)	(3,258)
Income and expenditure account including pension reserve	24	(8,695)	(8,800)	(1,058)	(1,265)
Revaluation reserve	23	44,310	44,379	33,898	34,661
<b>Total reserves</b>		<b>35,615</b>	<b>35,579</b>	<b>32,840</b>	<b>33,396</b>
<b>Total</b>		<b>54,735</b>	<b>52,528</b>	<b>48,608</b>	<b>46,818</b>

The financial statements on pages 65-104 were approved by the Governing Body of Belfast Metropolitan College on 28/11/12 and were signed on its behalf on that date by:

  
 Richard O'Rawe  
 Chair of Governing Body  
 Belfast Metropolitan College

  
 Marie-Therese McGivern  
 Director  
 Belfast Metropolitan College

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

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 JULY 2012**

	Notes	2012 £'000	2011 £'000
<b>Cash (outflow)/inflow from operating activities</b>	26	3,867	(3,744)
Returns on investments and servicing of finance	27	53	123
Taxation	12	0	0
Capital expenditure and financial investment	28	(322)	(195)
Management of liquid resources	29	(1)	0
Financing	30	<u>940</u>	<u>(416)</u>
<b>Increase/(Decrease) in cash in the year</b>		<b><u>4,537</u></b>	<b><u>(4,232)</u></b>

**Reconciliation of net cash flow to movement in net funds/(debt)**

Increase/(Decrease) in cash in the period	4,537	(4,232)
Movements in endowments	(1)	0
Cash inflow from increase in debt	(2,000)	0
Cash outflow from repayment of finance leases	1,060	1,082
Movement in net funds in the period	<u>3,596</u>	<u>(3,150)</u>
Additions to lease creditor for PFI	(38,439)	(442)
Net funds at 1 August	<u>(17,697)</u>	<u>(14,105)</u>
<b>Net funds at 31 July</b>	<b><u>(52,540)</u></b>	<b><u>(17,697)</u></b>

The prior year figures in the reconciliation of net cash flow to movement in net funds/(debt) have been re-presented to aid comparability.

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



## 1 ACCOUNTING POLICIES

### Statement of Accounting Policies

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

### Basis of preparation

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

### Basis of accounting

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

### Going concern

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

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

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

### Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, Springvale Educational Village Limited (SEV Ltd) and Belfast Metropolitan College Trust Limited. Intra-group revenue and surpluses/deficits are eliminated fully on consolidation. All financial statements are made up to 31 July 2012.

### Recognition of Income

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

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

The PFI grant from DEL represents their 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.

## Notes to the Financial Statements (continued)

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

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

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

### Pension scheme

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

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

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



**Tangible Fixed Assets**

• **Land and buildings**

Land and buildings (including those inherited from the Education and Library Board) are stated in the balance sheet at valuation on the basis of depreciated replacement cost (inclusive of non-recoverable VAT), as the open market value for existing use is not readily obtainable. Where land and buildings have been identified as surplus to the College's requirements they are valued at market value. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis, the associated credit is included within the revaluation reserve. 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 between 9 to 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis which is consistent with the depreciation policy.

• **Assets other than land and buildings**

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

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

Computers	- three years straight line
Motor Vehicles	- four years straight line
Plant and Equipment	- five years straight line

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

## Notes to the Financial Statements (continued)

### Private Finance Initiative

At the 31st July 2012 the College had two buildings under PFI contract. The fair value of each building, and accompanying fixtures and fittings, is recognised as an asset in the financial statements, together with corresponding finance lease obligations. Subsequently, the asset is depreciated over its useful economic life and the associated liability is reduced as payments for the properties are made. An imputed finance charge on the liability is recorded in subsequent years using a property-specific rate. The remainder of the PFI payments (i.e. the full payments, less the capital repayment and the imputed financing charge) are recorded as an operating cost. Other college obligations in relation to PFI contracts are accounted for in accordance with FRS 12 Provisions, Contingent Liabilities and Contingent Assets.

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

### Leased Assets

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

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

### Investments

Fixed asset investments are carried at historical cost less any provision for a permanent diminution in their value.

### Foreign currency translation

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

### Taxation

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

The College is exempted from levying VAT on most of the services it provides to students. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased.

### 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. Related payments received from DEL and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 39.



## Notes to the Financial Statements (continued)

### 2. DEPARTMENT FOR EMPLOYMENT AND LEARNING GRANTS

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Recurrent grant	33,962	33,328
Release of deferred capital grants	524	187
Release of deferred capital grants in relation to property impairments	4,222	0
Additional Support funds	640	243
Discrete Support Funds	564	528
Education Maintenance Allowance administration	37	32
Learner access and engagement	288	176
Essential skills	0	50
Care to Learn	31	30
Private Finance Initiative (PFI)	6,332	2,657
Innovation Fund	230	1,169
Other	2,167	1,044
	<u>48,997</u>	<u>39,444</u>
<b>Total</b>	<b><u>48,997</u></b>	<b><u>39,444</u></b>

The College is the lead partner in a consortium to deliver the DEL 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 under this arrangement and the related payments to partners was as follows:

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Innovation Fund Income	230	1,169
Payments to non College partners	0	0
Payments to College partners	(113)	(700)
	<u>117</u>	<u>469</u>
<b>Net Income</b>	<b><u>117</u></b>	<b><u>469</u></b>

## Notes to the Financial Statements (continued)

### 3. EDUCATION CONTRACTS

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
VEP School Link Course	675	999
Jobskills and Training for Success	4,308	3,761
Steps to Work	0	88
Training - other	0	0
	<hr/>	<hr/>
<b>Total</b>	<b>4,983</b>	<b>4,848</b>

### 4. TUITION FEES AND CHARGES

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Home and other European Union	2,787	3,630
Non-European Union	159	346
Higher Education (HE) income	4,205	4,198
	<hr/>	<hr/>
<b>Total</b>	<b>7,151</b>	<b>8,174</b>

#### **Tuition fees funded by bursaries**

Included within the above amounts are tuition fees funded by bursaries of £40,080 (2011: £62,983).

### 5. OTHER GRANT INCOME

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
European funds	468	315
Other funds	320	552
	<hr/>	<hr/>
<b>Total</b>	<b>788</b>	<b>867</b>



## Notes to the Financial Statements (continued)

### 6. OTHER OPERATING INCOME

	2012 £'000	2011 £'000
Catering and residence operations	404	315
Other income generating activities	557	571
Other income	56	72
<b>Total</b>	<b>1,017</b>	<b>958</b>

### 7. INVESTMENT INCOME

	2012 £'000	2011 £'000
Income from endowments	0	0
Pension finance income (note 25)	233	0
Other investment income	20	23
Other interest receivable	33	100
<b>Total</b>	<b>286</b>	<b>123</b>

## Notes to the Financial Statements (continued)

### 8. STAFF COSTS

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

	2012 No.	2011 No.
Teaching	492	542
Support	56	59
Administration	288	347
Premises	38	55
<b>Total</b>	<b>874</b>	<b>1,003</b>

#### Staff costs for the above persons

	2012 £'000	2011 £'000
Teaching	20,240	24,836
Support	3,836	4,111
Administration	7,476	7,543
Premises	1,636	1,819
	<u>33,188</u>	<u>38,309</u>
Exceptional Staff Costs (Redundancy)	863	3,212
<b>Total</b>	<b>34,051</b>	<b>41,521</b>

	2012 £'000	2011 £'000
Wages and salaries	27,986	31,682
Social security costs	1,812	2,090
Other pension costs	3,390	4,537
	<u>33,188</u>	<u>38,309</u>
Exceptional staff costs (redundancy)	863	3,212
<b>Total</b>	<b>34,051</b>	<b>41,521</b>

During the year the College implemented a restructure of the Support Departments. In total 45 staff availed of the enhanced voluntary redundancy scheme at a cost of £863k. In 2010/11 101 full time staff and 57 part time lecturers left at a cost of £3.2m.



## 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	
	2012 No.	2011 No.	2012 No.	2011 No.
£30,001 to £40,001	0	1	0	0
£40,001 to £50,001	0	0	0	0
£50,001 to £60,001	0	0	0	0
£60,001 to £70,000	0	0	4	13
£70,001 to £80,000	0	0	0	2
£80,001 to £90,000	3	0	0	0
£90,001 to £100,000	2	2	1	0
£100,001 to £110,000	0	0	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	1	1	0	0
£140,001 to £150,000	0	0	0	0
£150,001 to £160,000	0	0	0	0
£160,000 to £170,000	0	2	0	0
	<u>6</u>	<u>6</u>	<u>5</u>	<u>15</u>

## 9. SENIOR POST HOLDERS EMOLUMENTS

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

	2012 No.	2011 No.
The number of senior post-holders including the Principal / Director was:	6	6
	<u>6</u>	<u>6</u>

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

	2012 £'000	2011 £'000
Salaries	521	623
Benefits in kind	0	0
Pension contributions	51	66
<b>Total emoluments</b>	<u>572</u>	<u>689</u>

### Notes to the Financial Statements (continued)

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

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Salaries	119	119
Benefits in kind	0	0
	<u>119</u>	<u>119</u>
Pension contributions	16	16
	<u>16</u>	<u>16</u>
<b>Total</b>	<b><u>135</u></b>	<b><u>135</u></b>

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

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

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Compensation paid to the former post-holder	0	0
Estimated value of other benefits, including provisions for pension benefits	0	0
	<u>0</u>	<u>0</u>
<b>Total</b>	<b><u>0</u></b>	<b><u>0</u></b>

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



## Notes to the Financial Statements (continued)

### 10. OTHER OPERATING EXPENSES

	2012	2011
	£'000	£'000
Direct Teaching	1,297	1,503
Direct Support	4,171	3,987
Administration	2,732	3,172
Consultancy Fees	30	14
Premises	5,558	4,463
Planned maintenance	232	103
Unitary payments under PFI contract - operating costs	4,419	1,293
Interest Payable	0	0
Interest element of PFI contract	5,173	1,796
<b>Total</b>	<b>23,612</b>	<b>16,331</b>

<b>Other operating expenses include:</b>	<b>2012</b>	<b>2011</b>
	£'000	£'000
Auditors' remuneration:		
Financial statements audit (includes £54,000 in respect of the College, 2010/11 £70,000)	60	75
Internal audit (includes £26,533 in respect of the College 2010/11 £37,803)	27	38
Other services provided by the financial statements auditors	0	0
Other services provided by the internal auditors	2	4
Losses on disposal of tangible fixed assets (where not material)	0	0
Hire of plant and machinery - operating leases	166	419
Hire of other assets - operating leases	0	17

**Notes to the Financial Statements (continued)**

**11. INTEREST PAYABLE**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans, overdrafts and other loans:		
Repayable within five years, not by instalments	39	0
Repayable within five years, by instalments	0	0
Repayable wholly or partly in more than five years	<u>0</u>	<u>0</u>
	39	
Pension finance costs (note 25)	<u>0</u>	<u>440</u>
<b>Total</b>	<b><u>39</u></b>	<b><u>440</u></b>

**12. 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 2011/12.

**13. (DEFICIT)/SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
The (deficit) on continuing operations for the year is made up as follows:		
College's (deficit) for the year	(2,373)	(6,183)
Retained by subsidiary undertakings	<u>(102)</u>	<u>(128)</u>
	<b><u>(2,475)</u></b>	<b><u>(6,311)</u></b>



## Notes to the Financial Statements (continued)

## 14. TANGIBLE FIXED ASSETS

## Group

	Land and Buildings	PFI	Plant and Equipment	Computers	Fixtures and Fittings	Motor Vehicles	Assets Under Constructio	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>								
At 1 August 2011	33,167	27,683	1,852	2,269	58	153	7,800	72,982
Additions & transfer from AUC	18,208	37,462	959	2,788	22	0	(7,800)	51,639
Impairment	(4,319)	0	0	0	0	0	0	(4,319)
Surplus/(deficit) on revaluation	(3,979)	7,211	0	0	0	0	0	3,232
Disposals	0	0	(1,348)	(737)	(58)	0	0	(2,143)
<b>At 31 July 2012</b>	<b>43,077</b>	<b>72,356</b>	<b>1,463</b>	<b>4,320</b>	<b>22</b>	<b>153</b>	<b>0</b>	<b>121,391</b>
<b>Depreciation</b>								
At 1 August 2011	1,015	4,593	1,610	2,119	58	127	0	9,522
Charge for the year	1,140	1,981	133	508	1	9	0	3,772
Impairment	(96)	0	0	0	0	0	0	(96)
Revaluation	(2,059)	(6,574)	0	0	0	0	0	(8,633)
Elimination in respect of disposals	0	0	(1,348)	(737)	(58)	0	0	(2,143)
<b>At 31 July 2012</b>	<b>0</b>	<b>0</b>	<b>395</b>	<b>1,890</b>	<b>1</b>	<b>136</b>	<b>0</b>	<b>2,422</b>
<b>Net book value at 31 July 2012</b>	<b>43,077</b>	<b>72,356</b>	<b>1,068</b>	<b>2,430</b>	<b>21</b>	<b>17</b>	<b>0</b>	<b>118,969</b>
Net book value at 31 July 2011	32,152	23,090	242	150	0	26	7,800	63,460

Notes to the Financial Statements (continued)

14. TANGIBLE FIXED ASSETS  
College

	Land and Buildings	PFI	Plant and Equipment	Computers	Fixtures and Fittings	Motor Vehicles	Assets Under Constructio	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>								
At 1 August 2011	31,387	27,683	1,702	2,268	58	153	7,800	71,051
Additions & Transfer from AUC	18,208	37,462	959	2,788	22	0	(7,800)	51,639
Impairment	(4,150)	0	0	0	0	0	0	(4,150)
Surplus/(deficit) on revaluation	(4,673)	7,211	0	0	0	0	0	2,538
Disposals	0	0	(1,348)	(737)	(58)	0	0	(2,143)
<b>At 31 July 2012</b>	<b>40,772</b>	<b>72,356</b>	<b>1,313</b>	<b>4,319</b>	<b>22</b>	<b>153</b>	<b>0</b>	<b>118,935</b>
<b>Depreciation</b>								
At 1 August 2011	1,015	4,593	1,460	2,118	58	127	0	9,371
Charge for the year	1,121	1,981	133	508	1	9	0	3,753
Impairment	(77)	0	0	0	0	0	0	(77)
Revaluation	(2,059)	(6,574)	0	0	0	0	0	(8,633)
Elimination in respect of disposals	0	0	(1,348)	(737)	(58)	0	0	(2,143)
<b>At 31 July 2012</b>	<b>0</b>	<b>0</b>	<b>245</b>	<b>1,889</b>	<b>1</b>	<b>136</b>	<b>0</b>	<b>2,271</b>
<b>Net book value at 31 July 2012</b>	<b>40,772</b>	<b>72,356</b>	<b>1,068</b>	<b>2,430</b>	<b>21</b>	<b>17</b>	<b>0</b>	<b>116,664</b>
Net book value at 31 July 2011	30,372	23,090	242	150	0	26	7,800	61,680



## Notes to the Financial Statements (continued)

### 14. TANGIBLE FIXED ASSETS

Land and buildings were subject to a full revaluation in July 2012 on a depreciated replacement cost basis. The valuations were performed independently by Land and Property Services in accordance with Department specifications. These revaluations have been incorporated into the financial statements.

	2012 £'000
If inherited land and buildings had not been revalued they would have been included at the following amounts:	
Cost	0
Aggregate depreciation based on cost	<u>0</u>
Net book value based on cost	<u><u>0</u></u>

The net book value of tangible fixed assets includes an amount of £72,356k (2011: £23,090k) in respect of assets held under PFI contract.

	2012 £'000	2011 £'000
The depreciation charge for the year is analysed as follows:		
Owned assets	1,791	1,271
Assets held under PFI contract, finance lease and hire purchase arrangements	1,981	1,162

### 15. INVESTMENTS

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

Notes to the Financial Statements (continued)

16. DEBTORS

	Group 2012 £'000	College 2012 £'000	Group 2011 £'000	College 2011 £'000
Amounts falling due within one year:				
Trade debtors	1,870	1,813	3,061	3,030
Amounts owed by subsidiary	0	565	0	302
Prepayments and accrued income	393	384	6,604	6,589
Amounts due from the Department	746	746	3,266	3,266
Advance payments in respect of PFI Contracts	<u>1,551</u>	<u>1,551</u>	<u>1,654</u>	<u>1,654</u>
<b>Total</b>	<b><u>4,560</u></b>	<b><u>5,059</u></b>	<b><u>14,585</u></b>	<b><u>14,841</u></b>

16a. PFI ADVANCE PAYMENTS

	Group 2012 £'000	College 2012 £'000	Group 2011 £'000	College 2011 £'000
Advance payments of the PFI contract	<u>1,551</u>	<u>1,551</u>	<u>1,654</u>	<u>1,654</u>
<b>Total</b>	<b><u>1,551</u></b>	<b><u>1,551</u></b>	<b><u>1,654</u></b>	<b><u>1,654</u></b>
Repayable as follows:				
In one year or less	103	103	103	103
In more than one year	1,448	1,448	1,551	1,551



**Notes to the Financial Statements (continued)**

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

	<b>Group 2012 £'000</b>	<b>College 2012 £'000</b>	<b>Group 2011 £'000</b>	<b>College 2011 £'000</b>
Payments received in advance	1,003	1,001	1,187	1,185
Trade creditors	223	223	188	179
Other Creditors	264	264	304	304
PFI lease creditor	15,414	15,414	416	416
Taxation and social security	986	980	1,327	1,285
Accruals	3,014	2,996	3,275	3,266
Amounts owed to the Department	991	991	2,201	2,201
<b>Total</b>	<b>21,895</b>	<b>21,869</b>	<b>8,898</b>	<b>8,836</b>

In April 2009 the College signed a PPP contract with Ivywood College Ltd to design, build and maintain, for 25 years, a new College Building on the Titanic Quarter site. Capital repayments will be made over a 25 year period and will be funded by DEL. Belfast Metropolitan College has a commitment in the form of a bullet payment of £15m payable by 30th September 2012 for the Titanic Quarter PFI building. This is underwritten by the Department of Employment and Learning which is providing funding for the bullet payment. The £15m is included within PFI lease creditor.

At the same time the College entered into the PFI agreement for the Titanic Quarter campus with Ivywood Colleges Limited the College also entered into a further agreement with a company connected to Ivywood Colleges Limited, Ivywood Car Parks Limited. Under this further 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.

**18. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

	<b>Group 2012 £'000</b>	<b>College 2012 £'000</b>	<b>Group 2011 £'000</b>	<b>College 2011 £'000</b>
Other Loans	2,000	2,000	0	0
PFI lease creditor	41,838	41,838	19,457	19,457
<b>Total</b>	<b>43,838</b>	<b>43,838</b>	<b>19,457</b>	<b>19,457</b>

## Notes to the Financial Statements (continued)

### 19. BORROWINGS

#### (a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2012 £'000	College 2012 £'000	Group 2011 £'000	College 2011 £'000
In one year or less	0	0	0	0
Between one and two years	0	0	0	0
Between two and five years	2,000	2,000	0	0
In five years or more	0	0	0	0
<b>Total</b>	<b>2,000</b>	<b>2,000</b>	<b>0</b>	<b>0</b>

The College entered into an agreement with Southern Regional College during the year to borrow £2m to fund working capital. £1m of the borrowing is due for repayment on 31 August 2014 and £1m is due for repayment on 31 October 2014, and in any event the entire loan shall be repaid by no later than 31 January 2015.

#### (b) PFI Lease Creditor

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

	Group 2012 £'000	College 2012 £'000	Group 2011 £'000	College 2011 £'000
<b>PFI Lease</b>				
In one year or less	15,414	15,414	416	416
Between two and five years	5,572	5,572	3,064	3,064
In five years or more	36,266	36,266	16,393	16,393
<b>Total</b>	<b>57,252</b>	<b>57,252</b>	<b>19,873</b>	<b>19,873</b>

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



Notes to the Financial Statements (continued)

20. PROVISIONS FOR LIABILITIES AND CHARGES

	Restructuring £'000	Group and College Litigation £'000	Other £'000	Total £'000
At 1 August 2011	0	0	0	0
Expenditure in the period	0	0	0	0
Transferred from income and expenditure account	0	0	0	0
<b>At 31 July 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

21. DEFERRED CAPITAL GRANTS

	DEL grants £'000	Group and College Other grants £'000	Total £'000
At 1 August 2011			
Land and buildings	8,226	6,651	14,877
Other assets	604	0	604
Cash received			
Land and buildings	5,171	0	5,171
Other assets	2,934	0	2,934
Released to income and expenditure account			
Land and buildings	(117)	(20)	(137)
Other assets	(387)	0	(387)
Grant release re impairment of land and building	(4,073)	(149)	(4,222)
<b>Total</b>	<b>12,358</b>	<b>6,482</b>	<b>18,840</b>
At 31 July 2012			
Land and buildings	9,207	6,482	15,689
Other assets	3,151	0	3,151
<b>Total</b>	<b>12,358</b>	<b>6,482</b>	<b>18,840</b>

Notes to the Financial Statements (continued)

22. ENDOWMENTS

31 July 2012

	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted expendable £'000	Total £'000
At 1 August 2011	276	0	276	11	287
Net additions/(disposals)	0	0	0	0	0
Appreciation of endowment asset investments	9	0	9	0	9
Income for year	4	0	4	0	4
Expenditure for year	(13)	0	(13)	(1)	(14)
<b>At 31 July 2012</b>	<b>276</b>	<b>0</b>	<b>276</b>	<b>10</b>	<b>286</b>

	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted expendable £'000	Total £'000
At 1 August 2010	280	0	280	12	292
Net additions/(disposals)	0	0	0	0	0
Appreciation of endowment asset investments	14	0	14	0	14
Income for year	2	0	2	0	2
Expenditure for year	(20)	0	(20)	(1)	(21)
<b>At 31 July 2011</b>	<b>276</b>	<b>0</b>	<b>276</b>	<b>11</b>	<b>287</b>



Notes to the Financial Statements (continued)

23. REVALUATION RESERVE

	Group 2012 £'000	College 2012 £'000	Group 2011 £'000	College 2011 £'000
At 1 August 2011	33,898	34,661	36,250	36,914
Revaluations in the period (as per note 14)	11,865	11,171	(946)	(847)
Transfer from revaluation reserve to general reserve in respect of:				
Disposals	0	0	0	0
Impairment	0	0	0	0
Depreciation on revalued assets	(1,453)	(1,453)	(1,406)	(1,406)
<b>At 31 July 2012</b>	<b><u>44,310</u></b>	<b><u>44,379</u></b>	<b><u>33,898</u></b>	<b><u>34,661</u></b>

24. MOVEMENT ON GENERAL RESERVE

	Group 2012 £'000	College 2012 £'000	Group 2011 £'000	College 2011 £'000
<b>Income and expenditure account reserve</b>				
At 1 August 2011	(1,058)	(1,265)	(7,039)	(7,374)
Prior year adjustment	0	0	(1,574)	(1,574)
At 1 August 2011	(1,058)	(1,265)	(8,613)	(8,948)
(Deficit) retained for the year	(2,475)	(2,373)	(6,311)	(6,183)
Transfer from revaluation reserve	1,453	1,453	1,406	1,406
Actuarial (loss)/gain in respect of pension scheme	(6,615)	(6,615)	12,460	12,460
<b>At 31 July 2012</b>	<b><u>(8,695)</u></b>	<b><u>(8,800)</u></b>	<b><u>(1,058)</u></b>	<b><u>(1,265)</u></b>
Balance represented by:				
Pension reserve	(9,773)	(9,773)	(3,258)	(3,258)
Income and expenditure account reserve excluding pension reserve	1,078	973	2,200	1,993
<b>At 31 July 2012</b>	<b><u>(8,695)</u></b>	<b><u>(8,800)</u></b>	<b><u>(1,058)</u></b>	<b><u>(1,265)</u></b>

Of the group operating deficit for the year of £2,475k an operating deficit of £2,373k has been dealt with in the accounts of the holding company.

## Notes to the Financial Statements (continued)

### 25. PENSIONS AND SIMILAR OBLIGATIONS

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

<b>Total pension cost for the year</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
NITPS: Contributions paid	2,193	2,735
NILGOSC: contributions paid	1,197	1,802
NILGOSC: FRS 17 charge	<u>0</u>	<u>0</u>
Charge to the Income and Expenditure Account (staff costs)	3,390	4,537
Enhanced pension charge to Income and Expenditure Account (staff costs)	<u>0</u>	<u>0</u>
<b>Total pension cost for year</b>	<b><u>3,390</u></b>	<b><u>4,537</u></b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the NITPS was 31 March 2008 and NILGOSC was 31 March 2010.

#### NITPS

The NITPS is an unfunded contributory, voluntary membership scheme administered by the Department of Education. The current regulations under which the scheme operates are the *Teachers' Superannuation Regulations (NI) 1998 (as amended)*.

Further information about the scheme is given in the explanatory booklet dated November 2007, and on the Department of Education's website at [www.deni.gov.uk](http://www.deni.gov.uk).

The Government Actuary's Department values the scheme every 5 years with an interim valuation in the intervening 2-year period using the projected accrued benefit method.

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

Below £15,000	6.4%
£15,000 to £25,999	7.0%
£26,000 to £31,999	7.3%
£32,000 to £39,999	7.6%
£40,000 to £74,999	8.0%
£75,000 to £111,999	8.4%
£112,000 and above	8.8%

#### FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the NITPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

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

#### NILGOSC

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



## Notes to the Financial Statements (continued)

### FRS 17

The following information is based upon a full actuarial valuation of the fund at 31 March 2010 updated to 31 July 2012 by a qualified actuary.

### Principal actuarial assumptions

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

	At 31 July 2012	At 31 July 2011
	%	%
Pension Increase Rate	2.2	2.7
Salary Increase Rate	4.5	5
Expected Return on Assets	4.9	6.4
Discount rate for liabilities	4.1	5.3

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

	As at 31 July 2012	As at 31 July 2011
Retiring today		
Males	22.9	22.9
Females	25.7	25.7
Retiring in 20 years		
Males	24.9	24.9
Females	27.7	27.7

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

	Long-term rate of return expected at 31 July 2012	Value at 31 July 2012 £'000	Long-term rate of return expected at 31 July 2011	Value at 31 July 2011 £'000
Equities	5.5%	29,875	7.0%	29,292
Bonds	3.5%	5,320	4.6%	5,938
Property	3.7%	3,683	5.1%	2,771
Cash	2.8%	2,046	4.0%	1,583
<b>Total market value of assets</b>		<b>40,924</b>		<b>39,584</b>
Present value of scheme liabilities		(50,697)		(42,842)
<b>Surplus/(deficit) in the scheme</b>		<b>(9,773)</b>		<b>(3,258)</b>

**Notes to the Financial Statements (continued)**  
**Amounts recognised in the balance sheet**

	2012 £'000	2011 £'000
Present value of funded obligations	(50,513)	(42,677)
Fair value of plan assets	<u>40,924</u>	<u>39,584</u>
	(9,589)	(3,093)
Present value of unfunded obligations	(184)	(165)
Unrecognised past service cost	<u>0</u>	<u>0</u>
<b>Net liability</b>	<b><u>(9,773)</u></b>	<b><u>(3,258)</u></b>

**Analysis of the amount charged to income and expenditure account:**

	2012 £'000	2011 £'000
Employer service cost (net of employee contributions)	1,523	1,357
Past service cost	<u>0</u>	<u>0</u>
<b>Total operating charge</b>	<b><u>1,523</u></b>	<b><u>1,357</u></b>

**Analysis of pension finance income / (costs):**

	2012 £'000	2011 £'000
Expected return on pension scheme assets	2,524	1,973
Losses on curtailments and settlements	(24)	0
Interest on pension liabilities	<u>(2,267)</u>	<u>(2,413)</u>
<b>Pension finance income / (costs)</b>	<b><u>233</u></b>	<b><u>(440)</u></b>

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

	2012 £'000	2011 £'000
Actuarial gains/losses on pension scheme assets	(1,465)	7,631
Actuarial gains/losses on scheme liabilities	<u>(5,150)</u>	<u>4,829</u>
<b>Actuarial gain recognised in STRGL</b>	<b><u>(6,615)</u></b>	<b><u>12,460</u></b>

**Movement in surplus/(deficit) during**

	2012 £'000	2011 £'000
Surplus/(deficit) in scheme at 1 August	(3,258)	(15,189)
Movement in the year:		
Employer Service Cost (net of employee contributions)	(1,523)	(1,357)
Employer Contributions	1,390	1,268
Past service cost	0	0
Net interest/return on assets	233	(440)
Actuarial gain or loss	<u>(6,615)</u>	<u>12,460</u>
<b>Surplus/(deficit) in scheme at 31 July</b>	<b><u>(9,773)</u></b>	<b><u>(3,258)</u></b>



Notes to the Financial Statements (continued)

Asset and Liability reconciliation:

	2012 £'000	2011 £'000
<b>Reconciliation of present value of scheme liabilities</b>		
<b>Liabilities at start of period</b>	42,842	44,178
Service cost	1,523	1,357
Interest cost	2,267	2,413
Employee contributions	454	467
Experience gains and losses on scheme liabilities	0	0
Actuarial (gain)/loss	5,150	(4,829)
Benefits paid	(1,539)	(744)
Past Service cost	0	0
Curtailments and settlements	0	0
<b>Liabilities at end of period</b>	<b>50,697</b>	<b>42,842</b>

	2012 £'000	2011 £'000
<b>Reconciliation of assets</b>		
<b>Assets at start of period</b>	39,584	28,989
Expected return on assets	2,524	1,973
Actuarial gain/(loss)	(1,465)	7,631
Employer contributions	1,389	1,268
Employee contributions	454	467
Benefits paid	(1,562)	(744)
<b>Assets at end of period</b>	<b>40,924</b>	<b>39,584</b>

The estimated value of employer contributions for the year ended 31 July 2013 is £1,361,000.

History of experience gains and losses

	2012	2011	2010	2009	2008
Difference between the expected and actual return on assets Amount £'000	(1,465)	7,631	2,938	(3,841)	(3,524)
Experience gains and losses on scheme liabilities Amount £'000	(365)	4,872	17	(3)	(80)
Total amount recognised in STRGL Amount £'000	(6,615)	12,460	(131)	(8,750)	(1,860)

## Notes to the Financial Statements (continued)

### 26. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS/(DEFICIT) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012	2011
	£'000	£'000
(Deficit) on continuing operations after depreciation of assets at valuation	(2,475)	(6,311)
Depreciation and Impairment (note 14)	7,995	2,433
Deferred capital grants released to income (note 21)	(4,746)	(66)
Interest payable (note 11)	0	440
Interest receivable (note 7)	(53)	(123)
FRS 17 Pension cost less contributions payable (note 25)	(100)	89
Decrease/(Increase) in debtors	4,275	(3,895)
(Decrease)/Increase in creditors	(1,029)	3,689
Increase / (decrease) in provisions	0	0
<b>Net cash (outflow)/inflow from operating activities</b>	<b>3,867</b>	<b>(3,744)</b>

### 27. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2012	2011
	£'000	£'000
Income from endowments	0	0
Other interest received	53	123
Interest paid	0	0
Interest element of finance lease rental payment	0	0
<b>Net cash inflow/(outflow) from returns on investment and servicing of finance</b>	<b>53</b>	<b>123</b>



Notes to the Financial Statements (continued)

28. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2012 £'000	2011 £'000
Purchase of tangible fixed assets	(8,427)	(7,868)
Payments to acquire endowment assets	0	0
Sales of tangible fixed assets (see note 31)	0	0
Receipt from sale of endowment assets	0	0
Deferred capital grants received	8,105	7,673
Endowments received	0	0
	<u>0</u>	<u>0</u>
<b>Net cash (outflow) from capital expenditure and financial investment</b>	<b><u>(322)</u></b>	<b><u>(195)</u></b>

29. MANAGEMENT OF LIQUID RESOURCES

	2012 £'000	2011 £'000
Sale of investments	0	0
Withdrawals from deposits	0	0
Purchase of investments	0	0
Placing of deposits	0	0
Movement in endowment assets	(1)	0
	<u>(1)</u>	<u>0</u>
<b>Net cash inflow/(outflow) from management of liquid</b>	<b><u>(1)</u></b>	<b><u>0</u></b>

30. FINANCING

	2012 £'000	2011 £'000
Debt due beyond a year:		
New unsecured loans	2,000	0
Repayment of amounts borrowed	0	0
Capital element of PFI lease rental payments	(1,060)	(416)
	<u>940</u>	<u>(416)</u>
<b>Net cash inflow/(outflow) from financing</b>	<b><u>940</u></b>	<b><u>(416)</u></b>

## Notes to the Financial Statements (continued)

### 31. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2011 £'000	Cash flows £'000	Other changes £'000	At 31 July 2012 £'000
Cash in hand, and at bank	1,889	4,537	0	6,426
Endowment asset investments (note15)	287	(1)	0	286
Overdrafts	0	0	0	0
	<u>2,176</u>	<u>4,536</u>	<u>0</u>	<u>6,712</u>
Debt due within 1 year	0	0	0	0
Debt due after 1 year	0	(2,000)	0	(2,000)
Finance leases	(19,873)	1,060	(38,439)	(57,252)
Current asset investments	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b><u>(17,697)</u></b>	<b><u>3,596</u></b>	<b><u>(38,439)</u></b>	<b><u>(52,540)</u></b>

The prior year figures in the analysis of changes in net funds have been re-presented to aid comparability.

### 32. CASHFLOW RELATING TO EXCEPTIONAL ITEMS

	2012 £'000	2011 £'000
Provision as at 1 August	0	0
Income and expenditure account charge	0	0
Operating cash outflow	<u>0</u>	<u>0</u>
<b>Provision as at 31 July</b>	<b><u>0</u></b>	<b><u>0</u></b>

### 33. MAJOR NON CASH TRANSACTIONS

There were no provisions made during the period 1 August 2011 to 31 July 2012.



## Notes to the Financial Statements (continued)

### 34. POST BALANCE SHEET EVENTS

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

### 35. CAPITAL COMMITMENTS

	Group and College	
	2012 £'000	2011 £'000
Commitments contracted for at 31 July	0	25,247
Authorised but not contracted at 31 July	0	0

## Notes to the Financial Statements (continued)

### 36. FINANCIAL COMMITMENTS

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

	Group and College	
	2012 £'000	2011 £'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
<b>Total</b>	<b>0</b>	<b>0</b>
Other		
Expiring within one year	0	0
Expiring within two and five years inclusive	20	20
Expiring in over five years	0	0
<b>Total</b>	<b>20</b>	<b>20</b>

### 37. CONTINGENT LIABILITY

The College had no contingent liabilities at 31 July 2012.



**Notes to the Financial Statements (continued)**

**38. 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 board of governors 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 board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

Governor/ Senior Manager	Company	Transactions 2012	Transactions 2011	Amount	Amount
				outstanding at 31 July 2012	outstanding at 31 July 2011
		£'000	£'000	£'000	£'000
Richard O'Rawe, Governor	Association of Colleges NI Ltd	107	108	0	5
Carmel McKinney, Governor	Belfast Education and Library Board	82	10	0	1
David Rodway, Governor	Belfast City Council	57	82	0	4

The College has transactions with its subsidiaries Springvale Educational Village (SEV) Ltd and Belfast Metropolitan Trust.

The College provides accountancy services to NIRAN Ltd which is owned and managed by the 6 Northern Ireland FE colleges and 4 HE institutions.

The College also has transactions with its sponsor Department, the Department for Employment and Learning.

## Notes to the Financial Statements (continued)

### 39. SUPPORT FUNDS

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
DEL Grants	913	1030
	<hr/>	<hr/>
Disbursed to students	913 (888)	1030 (963)
	<hr/>	<hr/>
<b>Balance unspent at 31 July</b>	<b><u>25</u></b>	<b><u>67</u></b>

### 40. LOSSES AND SPECIAL PAYMENTS

A total of £48,145 losses and special payments were written off in the period 1 August 2011 to 31 July 2012. This included £48,095 of bad debts (student fees).

There were £9,499 of losses in relation to the theft of assets in the period 1 August 2011 to 31 July 2012. This included:

- £6,200 in relation to the theft of laptops, playstation and x-box
- £1,120 in relation to the theft of welders helmets and copper sheets.



## Report of the Comptroller and Auditor General

### Report on the College's financial challenges

#### *Background*

1. Belfast Metropolitan College (BMC) is primarily funded by the Department for Employment and Learning (the Department / DEL). In 2011-12 BMC had over 27,700 enrolments on full-time and part-time courses making it one-off the largest colleges of Further and Higher Education in the UK. There are over 1,000 staff employed by BMC and its annual budget is some £59 million.
2. This is my fifth report in as many years, since the formation of BMC on 1 August 2007, and the third assessing the financial challenges at the College as they implement the College Improvement Plan (CIP). My previous reports were:

Year	Report
2007/08	Qualification arising from irregular expenditure incurred in respect of advisory fees on a public private partnership project.
2008/09	Qualification arising from irregular expenditure incurred and other areas of concern.
2009/10	Report on the College's financial challenges and irregular expenditure incurred.
2010/11	Report on the College's financial challenges.

#### *Financial challenges*

3. BMC has faced a number of challenges since its formation on 1 August 2007. Following a significant operating deficit in 2007/08, an Efficiency Review<sup>1</sup>, required by the Department, was conducted to investigate the financial and governance arrangements at BMC.
4. Prior to the outcome of the Efficiency Review the Public Accounts Committee<sup>2</sup> raised concerns that the Department was unable to provide it with information about the College's financial position, given its significant financial problems, or a basic explanation on what had gone wrong at the College.
5. The Efficiency Review findings published in January 2010 contained 72 recommendations, and key issues identified included:
  - weaknesses in the performance of the senior management team;

<sup>1</sup> An Efficiency Review is undertaken in accordance with Article 18 of the Further Education (Northern Ireland) Order 1997 – "The Department may arrange for the carrying out (whether as part of an inspection under Article 102 of the 1986 Order or otherwise) by any person of studies designed to improve economy, efficiency and effectiveness in the management or operation of an institution of further education".

<sup>2</sup> Report: 41/08/09R Public Accounts Committee – Review of Financial Management in the Further Education Sector in Northern Ireland and Governance Examination of Fermanagh FE College – Thirteenth Report, Session 2008-09, dated 18 June 2009.

- a significant number of weaknesses in financial controls;
  - poor management information;
  - little synergy within strategic planning, between corporate planning, curriculum, estate and financial planning, and there was no comprehensive estates strategy; and
  - delays in implementing audit recommendations.
6. Following the Efficiency Review, the College completed, in October 2010, a comprehensive College Improvement Plan (CIP) covering the areas of Finance, Estates, Curriculum and Staffing. This is aimed at addressing the findings of the Efficiency Review and bringing the College to financial balance. The Plan establishes a revised strategic and financial plan, setting out the range of actions required to stabilise the College's financial position and setting out appropriate targets and performance indicators against which processes can be assessed. The Department monitors the College's performance against the CIP.
7. The CIP stated that BMC had incurred year on year unplanned trading deficits because it had:
- pursued a strategy of growth including an expansion in the curriculum and the associated staffing and infrastructure needed, despite falling student numbers and DEL funding;
  - not reacted quickly or effectively enough to the changing external environment;
  - significantly over recruited students;
  - committed to a number of large scale projects that had a direct impact on the financial stability of the College; and
  - initiated some cost reduction activities but these had not translated into tangible outcomes at that time.
8. The Efficiency Review identified skills gaps within the finance function. BMC told me that a comprehensive review of the finance function was undertaken and implementation of the new finance structure was substantially completed by June 2012. The detailed work undertaken to review and revise financial policies and procedures has also been completed with an internal review of financial controls, including budget management, providing a substantial level of assurance. In November 2010 the College announced that it expected redundancies of approximately 150 Full Time Equivalents (FTEs) to be necessary across the organisation. By September 2012 this was completed with a final figure of 173 FTEs.
9. BMC made an operating deficit<sup>3</sup> of £2.5 million during 2011-12. The net cumulative operating deficit since its formation in 2007-08 is £17.3 million. The operating deficit for 2011-12 includes exceptional costs relating to redundancies of £863,000.

---

<sup>3</sup> Operating surpluses/deficits represent the financial results for the year after account of all costs, including depreciation based on the revalued amount of fixed assets. The Department however currently monitors the financial performance of Further Education Colleges on the basis of Historical Cost surpluses/deficits which calculate depreciation costs based on historic cost rather than on the higher revalued amount of fixed assets used in establishing the operating surplus/deficit. The Historic Cost deficit in 2011-12 was £1.0 million, giving a cumulative Historical Cost deficit of £9.4 million since the College's formation in 2007-08; a net cumulative historic cost deficit before exceptional items of £0.3m.



Year	Operating surplus/(deficit) excluding exceptional costs	Exceptional costs	Operating surplus/(deficit)	Cumulative operating deficit
2007/08	(1,276)	(5,040) <sup>a</sup>	(6,316)	-
2008/09	(2,596)	-	(2,596)	(8,912)
2009/10	416 <sup>b</sup>	-	416 <sup>b</sup>	(8,496)
2010/11	(3,099)	(3,212) <sup>a</sup>	(6,311)	(14,807)
2011/12	(1,612)	(863) <sup>a</sup>	(2,475)	(17,282)

<sup>a</sup> £4.8 million of exceptional costs in 2007/08 and all exceptional costs in 2010/11 and 2011/12 related to redundancies.

<sup>b</sup> In 2009-10, BMC made an operating surplus of £416,000. This included a one-off technical accounting adjustment for pension liabilities of £2.8 million. Without this adjustment, the operating deficit would have been £2.4million.

10. BMC told me that a college surplus was not forecast in the first 2 years (2009/10 and 2010/11) of the CIP. This is due to the time taken for the the savings from the restructuring to impact on the financial results (estimated to be in the range of £7 million per annum from 2012-13) coupled with the College's exceptional costs for redundancies (£3,212k) and also the procurement of equipment for its new premises in Titanic Quarter and E3 (enterprise, employability and entrepreneurship) not funded by the Department (£371k) during the period.
  
11. The CIP had originally forecast that the College would make an operating surplus before exceptional costs of £2.3m in 2011/12, and a surplus of £4.5m in 2012/13. This compares so far with a deficit of £1.6m in the 2011/12 accounts, a variance of £3.9m. BMC told me that actual performance is behind the CIP forecast due to a delay in finalising and agreeing the CIP which meant that commencement of the restructuring programme was delayed from September 2010 to February 2011. This was further compounded by challenges in attracting and retaining full time students in some key areas and a change in how the College accounts for its PFI. This change was required in 2010/11 to correct the accounting treatment of the PFI contract, and resulted in increased costs of £0.3m in 2010/11 and £1.8m in 2011/12. The College told me that action has been taken to address these challenges, with the restructuring programme being completed during 2011/12, the implementation of a revised enrolment process for 2012/13 and the update of all forecasts to reflect the revised accounting treatment for PFI/PPP.
  
12. I asked the College when it expected to reduce its underlying deficits to an acceptable level. BMC told me that it expects to achieve this in the 2012/13 financial year, i.e. by July 2013.

### **Conclusion**

13. I note that the College is making progress in improving its financial position through the development and implementation of the College Improvement Plan. I will continue to monitor progress, and in particular, the impact of the restructuring and other measures in meeting the

College's aim of seeking to reduce continuing material deficits to acceptable levels and achieve financial stability.

14. A value for money investigation into the Titanic Quarter capital project is underway and I will report my findings before summer 2013.

*KJ Donnelly*

**K J Donnelly**

**Comptroller and Auditor General**

**30 November 2012**





**Elaine Hartin**  
**Chief Operating Officer**  
Belfast Metropolitan College  
Titanic Quarter Campus  
7 Queen's Road  
BELFAST  
BT3 9DT

Tel: 028 9026 5168

Email: [EHartin@belfastmet.ac.uk](mailto:EHartin@belfastmet.ac.uk)