



Annual Report

and Financial Statements

2018
19

Belfast Metropolitan College
Annual Report and Accounts
For the year ended 31 July 2019

*The Accounting Officer authorised these
financial statements for issue*

on

12 November 2019

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

on

17 December 2019

Belfast Metropolitan College

Annual Report and Financial Statements

For the year ended 31 July 2019

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Foreword

By Chair of Governing Body

FOREWORD BY CHAIR OF GOVERNING BODY



On behalf of the Governing Body of Belfast Metropolitan College, I would commend all our learners and staff for yet another memorable year comprising many successes, personal and corporate.

Among the many examples to choose from, the two that perhaps represent the breadth of the College's achievement are the results of our annual Learner Satisfaction Survey, and the ETI inspection of March 2019. The first shows our effectiveness in meeting the needs of our learners with, for example, over 98% of students agreeing that "Belfast Met is a great place to study" while the second, in which the College was awarded an overall outcome of "Very Good" provides robust independent validation of the quality of our curriculum offer.

In spite of the now normal challenges around significant budgetary pressures and absence of a Northern Ireland Executive, the College has continued to invest in building effective partnerships with many stakeholders who share our passion and commitment to transforming the lives of learners, creating pathways into work, and supporting many others to secure a better job.

Central to our success is teamwork, at every level in the organisation, supporting outreach to local businesses and communities, as ultimately their success is our success. On behalf of the Department for the Economy, Belfast Met remains wholly committed to play our full part in "Leading the City to Work" as set out in our Corporate Plan 2016-20. Through living our values of Collaboration, Ambition, Respect, Excellence (CARE), the College continues to provide leadership in building an inclusive and prosperous economy for all.

We have therefore been particularly proud of the significant role our leadership team has played in defining the Skills and Employment Proposition strategy which forms a central component of the Belfast Region City Deal and which aims to create 20,000 new jobs by 2030. Moreover, across the Further Education sector, Belfast Met staff make an invaluable contribution, not least through acting as lead curriculum hubs for both Digital ICT and Hospitality & Tourism.

As regards the future, the one thing we can be certain of is that the next few years for the further education sector are going to become ever more challenging. However, I am confident that the talented and dedicated team of people throughout the College will not be found wanting in their ongoing commitment to be a world-class college that nurtures the talent and ambition of the city of Belfast and beyond.

Belfast Met is committed to both lead and embrace the changes that will become necessary to ensure we have a sustainable business model that provides the best possible support to all learners across Northern Ireland as we champion our dual mandate for economic development and social inclusion.

Finally, I wish to record my thanks to Belfast Met's Executive Team, staff, my fellow governors, Department for the Economy colleagues, business partners and, most importantly, our learners. Our success genuinely is a team effort!

A handwritten signature in dark ink that reads "Frank Bryan". The signature is written in a cursive, flowing style.

Frank Bryan
Chair of Governing Body
Belfast Metropolitan College

Principal and Chief Executive Message

MESSAGE FROM PRINCIPAL AND CHIEF EXECUTIVE

Belfast Met began the academic year with a very successful staff conference at which my Executive colleagues and I outlined some of the highlights of 2018-19 and set out the College's priorities and plans for the year ahead.



Speaking then, I made it clear that the coming year was likely to prove a particularly testing one. Funding constraints, growing competition for learners, Brexit, the ongoing absence of an NI Executive and Assembly etc. etc. The list of challenges was seemingly endless.

I was however equally clear in stating my steadfast belief that Belfast Met would navigate successfully through all of this uncertainty and respond effectively and resourcefully to whatever difficulties came our way.

The last 12 months have shown that this confidence was not misplaced. Indeed 2018-19 has been a particularly busy and successful year, with a range of significant achievements across the full breadth of our activities.

The ETI inspection of March 2019 stands out as a particular highlight. Indeed, the Inspection Report is full of glowing endorsements of staff at every level in the College. It praises the quality of our provision and of our supporting systems and processes and, in a sense, says everything you need to know about the hard work and commitment of our employees and their focus on delivering the best possible outcome for our learners.

Other notable examples for this year include being awarded our second curriculum hub status (Hospitality & Tourism), leading on the development of a sector-wide communications strategy, being designated an official College of Sanctuary and playing a pivotal role in helping to secure and plan the implementation of the Belfast Region City Deal.

The motivation behind all of these achievements is the drive to deliver for our students, our stakeholders and the Northern Ireland economy as a whole. I am humbled to lead this wonderful College and am deeply proud of the passion, ambition and hard work of our staff, our students and our governors.

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

Marie-Thérèse McGivern
Principal and Chief Executive

Strategic Report 2018-19

STRATEGIC REPORT 2018-19

NATURE, OBJECTIVES AND STRATEGIES

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

Legal Status

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

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

Mission Statement

Belfast Metropolitan College’s mission statement has been reviewed by Governors of the College and remains as set out in our 2016–20 *Leading the City to Work* Corporate Plan.

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

Achievements against Strategic Aims and Objectives

Our Corporate Plan 2016–20 provides the broad structure against which we continue to plan, monitor, review and analyse our performance. It sets out our vision and mission and summarises the strategic aims, objectives and core values of the College. These are represented in the illustration below.



Strategic Aim 1: Determined Relevance

Relevancy sits at the very heart of Belfast Met's ambitions and plans.

Significant achievements:

- Securing our second curriculum hub status, which means that Belfast Met is now the sector lead for two priority skills areas i.e. Hospitality and Tourism (2018-19) and Digital ICT (2017-18).
- Leading the development of a sector-wide communications strategy, which includes building a stronger evidence base about the economic and social impact of further education.

Strategic Aim 2: Valued Reputation

Belfast Met's reputation for providing economically relevant, good quality, employer-led provision has grown exponentially in recent years.

Significant achievements:

- Playing a key role in the bid to secure a Belfast Region City Deal (announced in February 2019) and leading on the Skills and Employment Proposition strategy within the Deal, aimed at creating 20,000 new jobs by 2030.
- Among a wide range of learner and staff recognition, our Essential Skills team were awarded "FE Team of the Year" at the national Pearson Teaching Awards.
- Our reputation has also been enhanced by the highly successful March 2019 ETI inspection of our Work Based Learning provision. The College secured a "Very Good" outcome overall and an "Outstanding" for our Routeways programme (Centre for Supported Learning). The inspectors concluded that: "Belfast Met demonstrates a high level of capacity to identify and bring about improvement in the interests of all the trainees and apprenticeships."

Strategic Aim 3: Agile Response

Belfast Met is committed to ensuring that it responds quickly and effectively to the city's increasingly varied and constantly changing skills demands.

Significant achievements:

- Over 70% of our enrolments are on courses related to five of the six priority sectors for economic growth identified in The Industrial Strategy. For example, our delivery of the Assured Skills Academy programme on behalf of the Department for the Economy is helping to strengthen the current and future talent pool of digital skills. The Academies are a flexible and versatile model, which have to date delivered a 93% local success rate of participants progressing into full-time employment.
- Completing a comprehensive review of our curriculum, resulting in the development of a three-year Delivery Framework. This will ensure that all our programmes meet a set of guiding

principles i.e. relevant curriculum, progression focused, high performance outcomes, flexible, socially inclusive, financially sustainable and future proofed.

- The College was asked to prepare proposals on the development of a Northern Ireland public sector apprenticeship programme and is now working with the Department for Communities to deliver a pilot programme in business administration.

Strategic Aim 4: Distinctive Reach

Belfast Met is constantly working to strengthen its reach and in doing so help widen participation, enhance social mobility, build community capacity and create a fairer society.

Significant achievements:

- The College was awarded official College of Sanctuary status by the Belfast City of Sanctuary committee in May 2019. Belfast City of Sanctuary commended Belfast Met for its best practice in “educating refugees and many others, and for teaching English and skills to prepare newcomers for life and employment here.”
- Another notable achievement was the successful completion of Phase 1 of the Peace IV funded “Futures” project. This is a six-month personal development programme which provides those in NEET (Not in Education, Employment or Training) categories the opportunity to improve confidence and self-esteem, develop leadership skills, acquire better awareness of other cultures and gain an OCN Level 2 award in Personal Success & Well-being. This first phase included 142 participants, 102 of whom fully completed all aspects of the project.
- Through the Skills for Industry and College Connect, ESF funded programmes; the College is working with groups of long-term unemployed young people and adults to provide support to tackle issues associated with long-term economic inactivity providing support for social inclusion.

Performance against College Development Plan (CDP)

Belfast Met, along with all FE Colleges, has adopted an outcomes-based accountability methodology for planning and reporting. This ensures that our key priorities are based on the need of the population and are aligned to the Programme for Government.

In May 2018, DfE approved Belfast Met’s College Development Plan 2018-19. This served as the baseline against which delivery of operational targets were measured throughout the academic year. The targets are set out in three defined report cards that record baseline data, targets for the incoming year and records:

- What did we do?
- How well did we do it?
- Is anyone better off?

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

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

A summary of performance against our three CDP report cards is set out in the sections below.

Report Card 1: QUALIFICATIONS

Belfast Met offers a curriculum aligned to the needs of the local economy, delivering priority skills that meet the needs set out in the Skills Barometer.

What did we do?

Belfast Met delivers a Priority Skills, STEAM centred curriculum, which is aligned to, and compliments the aspirations outlined in the Skills Barometer.

In 2018-19, Belfast Met delivered **25,258 qualifications** to **14,552 learners**¹.

How well did we do it?

Belfast Met has high levels of retention, achievement and success as illustrated below.

	2016-17	2017-18	2018-19
Retention rate (%)	91.88	91.29	91.96
Achievement rate (%)	87.59	87.72	87.80
Success rate (%)	80.47	80.08	80.74

Source: QlikView, Student Retention, Achievement and Success FELs tab, 28 October 2019

Belfast Met aspires to maintain current levels of Retention, Achievement and Success however there are many social barriers to educational attainment and as we continue to engage with those furthest from the labour market, assisting them to overcome complex social issues is challenging and may result in a drop in our retention, achievement and success levels.

Student satisfaction was 95%, some 5-percentage points above the target of 90%.

Is anyone better off?

The Department for the Economy conducts a survey of FE leavers to enquire about their main activity six months after completing and achieving their regulated qualification at Belfast Met.

¹ Confirmed number of qualifications and learners as per Educational Report Card, 31/07/19

Findings of the 2017-18 FE Leavers Survey, published in October 2019, confirmed that:

- **41.7%** of Belfast Met leavers were in **employment**;
- **46.3%** were in **learning**; and
- **6.4%** of those learners surveyed were **unemployed**.

Report Card 2: EMPLOYERS

What did we do?

In the 2018-19 year, we engaged with in excess of 700 businesses through activity related to Traineeships, apprenticeships (including HLAs) and targeted business support programmes, delivering:

- 116 projects through the Innovateus programme (16 in excess of target)
- Support through Skills focus to 109 people (below target)
- Work placement or 95% of our TFS and FT FE/HE placement students (5% over target)
- Delivering almost 850 Apprenticeships and Higher level Apprenticeships (98.4% of target)
- 4 Fusion Projects
- 20 Innovation Vouchers
- 16 Assured Skills Academies to 295 students

We exceeded our target for the drawdown of EU funding by 50% and continued to deliver our highly successful Widening Access and Participation Programme (WAPP).

We also launched the Digital IT Curriculum Hub for the sector and are delivering against the agreed action plan.

How well did we do it?

With the exception of Skills Focus, all other targets were met or exceeded.

Is anyone better off?

92.45% of companies engaged in Innovateus report an increase in skills with 83.02% of companies developing new products, processes or services.

Belfast Met has and is continuing to deliver a number of Assured Skills Academies for various employers. In the 2018-19 year, we have delivered or are completing the delivery of 16 Academies with 295 students and working with a wide range of companies including Deloitte, TIPCAP, Nueda, Novosco, FinTRU, Teamwork, First Derivatives, SpotX, Made to Engage, The App Builder, Core Systems, Fluent Technology, Applied Systems and Aurion Learning. These academies have addressed skills gaps in the local market, supporting graduate employment and business growth.

Report Card 3: SOCIAL INCLUSION

What did we do?

Belfast Met has a diverse range of learners with almost one third of learners coming from the most deprived quintiles, just over 15% from ethnic minority groupings and over 11% having a declared disability. Key achievements in relation to Social inclusion for the 2018-19 year include:

- Significantly exceeding targets for delivery of our Prison Programme (3,043 registrations versus a target of 1,596)
- Delivering 98%² of target Access Enrolments
- Delivering 119%³ of target School Partnership enrolments

Our NEETs programmes delivered below target by 89 enrolments while our intervention for 'at risk learners' saw us retain 90.4% of these learners against a target of 90%.

How well did we do it?

Belfast Met has high levels of retention, achievement and success as illustrated below.

	2016-17	2017-18	2018-19
Retention rate (%)	91.88	91.29	91.96
Achievement rate (%)	87.59	87.72	87.80
Success rate (%)	80.47	80.08	80.74

Source: QlikView, Student Retention, Achievement and Success FELs tab, 28 October 2019

Belfast Met aspires to maintain current levels of Retention, Achievement and Success however there are many social barriers to educational attainment and as we continue to engage with those furthest from the labour market, assisting them to overcome complex social issues is challenging and may result in a drop in our retention, achievement and success levels.

Student satisfaction was 95%, some 5-percentage points above the target of 90%.

Is anyone better off?

In 2018-19, 30.4%⁴ of our learners came from the top 20% most deprived areas in NI (Quintile 1 NMDM).

Findings from the most recently published FE Leavers Surveys illustrate that a significant proportion of our learners from 2016-17 and 2017-18 progressed to employment or learning. These findings are summarised in the table overleaf.

² 492 enrolments versus a target of 500 (as per Educational Report Card dated 31/07/19)

³ 416 enrolments versus a target of 350 (as per Educational Report Card dated 31/07/19)

⁴ Learner Profile 2018-19

DfE FE Leavers Survey destination of Belfast Met students 6 months after completion

	2016-17	2017-18
In employment	39.5%	41.7%
In learning	49.3%	46.3%
Unemployed	4.4%	6.4%

Equal opportunities and employment of disabled persons

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

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

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

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

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

- We seek to build social inclusion and opportunity through widening economic participation. We work with local communities in creating capacity, developing knowledge and skills, raising self-esteem and providing pathways into further training or employment. Belfast Met is involved in a huge array of activities that promote social inclusion, through programmes and activities related to college community outreach, developing an inclusive curriculum and student support initiatives,
- Over 40% of students enrolled in courses at Belfast Met come from the poorest two Quintiles in society. Several of our programmes target those who are marginalised or at risk of marginalisation, such as people with special needs, refugees and offenders as well as those who are economically inactive.
- The College delivers an ESF funded Prince's Trust TEAM Programme, which is co-financed through core funds, and ESF. In 2018-19, the North Belfast Team won the UK Community Impact Award at the national Prince's Trust awards. This was for the team's work with the

HOPE project – an initiative that is designed to help young people recognise signs of suicide in their peers. The project was sponsored by the PSNI and is now being rolled out in schools, youth groups and clubs all over Northern Ireland.

- Together with NWRC, we are responsible for Offender Learning and Skills Programmes across three prisons.
- We are one of the largest provider of ESOL programmes in Northern Ireland and in May 2019 became the first Northern Ireland College to be awarded College of Sanctuary status.
- Belfast Met enrolled 832 individuals from outside Europe in 2018-2019. This included 563 individual asylum seekers and refugees. Most of these enrolments were for ESOL classes or Essential Skills, however students also study other courses, for example A-levels, GCSEs, IT, Health and Social Care, Hair and Beauty, Tourism, Catering, and Car Maintenance.
- Our College played an important role in Belfast becoming part of the UNESCO Global Network of Learning Cities and hosts the annual Festival of Learning.
- Belfast Met is the largest provider of programmes for students with learning difficulties and/or disabilities in the region.
- Belfast Met has a dedicated transgender disclosure process and supporting policy, which aims to assist transgender students to enrol onto their programme of study whilst offering personal and emotional support throughout their educational journey. The College assisted and supported 17 transgender students in 2018-19.
- We completed the first phase of the Futures project in 2018-19. This is a Peace IV funded project providing those in NEET categories the opportunity to improve confidence and self-esteem, develop leadership skills, gain better awareness of other cultures and gain an OCN Level 2 award in Personal Success and Well-Being.
- Belfast Met, in partnership with the five NI further education colleges, delivers the College Connect programme. The programme targets young people aged 16-24 across NI who fall into the NEET category. It provides a bridge into Level 2 provision and further apprenticeship opportunities with a focus on developing employability skills and vocational skills relevant to the hospitality sector. A “wrap around” support network provided by two mentors underpins delivery.
- Belfast Met also delivers the Skills for Industry programme which targets the long term unemployed and economically inactive.

Disability Statement

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

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

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

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

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

Actions carried out to meet these objectives include:

- Our Routeways programme, delivered via our Centre for Supported Learning, was awarded an “Outstanding” outcome in the March 2019 inspection by the ETI.
- The College hosted and competed successfully in the Worldskills Inclusive Skills Catering Competition. Belfast Met will continue to lead the development of sector-wide inclusive Skills competitions.
- Belfast Met has a dedicated Centre for Inclusive Learning, which provides support to students who have a disability, learning difficulty or long-term medical condition. The well-established Initial Assessment process for our students with disabilities ensures that curriculum support recommendations are in place ahead of the three-week KPI timeframe. Referrals average 2,000 a year, with a growing number being from students outside the Belfast area.
- The Inclusive Learning Team was awarded the Autism Impact Award 2018.
- New to the portfolio 2018-19 was the establishment of the Student Well-being Team as a core student support service. This means that every curriculum department now has a dedicated Student Well-being Officer.
- The College continues to make significant investment in the appointment of specialist lecturers to support students with learning difficulties and or disabilities.
- Specialist training on a variety of disabilities is provided to all staff during the academic year in addition to general SENDO training designed to raise awareness of our legal obligations to students with a disability.

We feature positive imagery of people with a disability in our promotional materials, including prospectuses and other marketing materials etc. We are keen to encourage even greater participation of those with a disability and to demonstrate the inclusivity of the College.

FINANCIAL POSITION

Financial Results

The Belfast Met Group generated an operating deficit in the year of £6.1m (2017-18 – deficit of £4.3m), stated after accounting for the disposal of fixed assets. The consolidation of the subsidiary companies further improved the overall position.

The College group income for the year was £60.8m, an increase of £1.2m (2%) from 2017-18. This variance is explained by a net increase in DfE recurrent funding, £0.5m, Other Grant Income, £0.5m and Other Operating income, £0.1m.

The College group expenditure for the year was £66.8m, an increase of £2.9m (5%) from 2017-18. This variance is explained mainly by increasing staff costs of £3.9m, which included an increase in pension costs following the actuarial report of £2m compared to the prior year. The actuarial report included a recommendation to include a past service cost adjustment of £1.6m due to equality rulings. Reduced operating expenses offset these increases.

The College has significant reliance on the Department for the Economy (DfE) for its principal funding source, largely from recurrent grants. In 2018-19, DfE provided 56% of the College's total income through allocated recurrent grant (2017-18 55%). This represented 24.4% 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 College Trust. Both companies are limited by guarantee; Belfast Metropolitan Trust is also a registered charity.

SEV Ltd owns the Community Learning Centre (CLC) on the Springvale site and the land on which it sits. Operations relate to renting out space to organisations on both a long and short-term basis. Tenants and customers include publicly funded and charitable institutions, many of whom provide outreach programmes that support people and help strengthen relations with the wider community. SEV Ltd has achieved a surplus of £112k in the year (2017-18 surplus £157k).

Belfast Metropolitan College Trust was established to secure and manage donations from former students and benefactors; to establish an alumnus; and to develop enhanced opportunities and facilities for College students. The Trust reported a net decrease in funds of £4k in the year (2017-18 decrease of £12k).

Both subsidiary company accounts were audited and received an unqualified audit opinion for the year-end 31st July 2019.

Financial Resources

The consolidated net assets at 31 July 2019 were £31m (2017-18 £37.7m). This includes £21.4m pension liability (2017-18 £12.3m), and a debtor of £0.8m on PFI prepayments (2017-18 £0.9m).

Treasury policies and objectives

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

Payment performance

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

During the accounting period 1 August 2018 to 31 July 2019, the college paid 96% of its invoices within 30 days (2017-18 95%) The college incurred no interest charges in respect of late payment for this period.

The Northern Ireland Executive is committed to paying suppliers as quickly as possible, within 10 working days. During the accounting period 1 August 2018 to 31 July 2019, the college paid 80% of its invoices within 10 days. (2017-18 72%).

Post balance sheet events

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

Going Concern

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

Disclosure of information to auditors

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

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

Charitable and taxation status

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

Charitable/Political Donations

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

Professional Advisers

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

Internal Auditors: Grant Thornton
Belfast Clarence West
12-15 Donegall Square West
Belfast, BT1 6JH

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

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

Members

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

Name	Date of Appointment Re-appointment Extension	Term of Office	Status of Appointment	Committees Served	Governing Body Attendance
F Bryan (Chair)	A 26/10/15	25/10/19	BIP	None	6/6
C Burns MBE	A 01/08/15 R 01/08/19	31/07/19 31/07/23	BIP	CQE, HR	6/6
K Burns	A 01/08/15 R 01/08/19	31/07/19 31/07/23	BIP	CQE, RES	5/6
K Collins	A 01/08/15 R 01/08/19	31/07/19 31/07/23	BIP	ARC	4/6
D Crummey	A 07/06/17	06/06/21	Staff elected	CQE, RES	6/6
S Dawson	A 01/06/17	31/05/21	Co-opted	CQE, RES	5/6
G Doran	A 30/05/18	29/05/22	Staff elected		6/6
W Gillies	A 01/08/11 R 01/08/15 E 01/08/19	31/07/15 31/07/19 30/04/20	BIP	RES	6/6
C Herbert	A 20/10/18	30/09/19	Student elected	CQE, RES	4/5
J McCall	A 01/08/15 R 01/08/19	31/07/19 31/07/23	BIP	ARC, HR	4/6
J McGrillen	A 01/08/11 R 01/08/15 E 01/08/19	31/07/15 31/07/19 30/04/20	BIP	RES	3/6
K O'Hare	A 01/08/15 R 01/08/19	31/07/19 31/07/23	BIP	CQE, RES	5/6
S Snodden	A 9/12/15	8/12/19	BIP	ARC, HR	5/6
M Walkingshaw	A 28/02/17	27/02/21	Co-opted	ARC, HR	6/6
B Wilson	A 01/08/15 R 01/08/19	31/07/19 31/07/23	BIP	CQE, HR	6/6
M-T McGivern	M-T McGivern by virtue of office of Principal and Chief Executive is a member of the Governing Body.				5/6

For and on behalf of the members of the Governing Body



Frank Bryan
Chair of Governing Body

Date 12th November 2019

Remuneration Report

BELFAST METROPOLITAN COLLEGE REMUNERATION REPORT

Remuneration policy

Members of the Governing Body

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

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

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

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

	2018-19				2017-18			
	Salary & allowance £'000	Benefits in Kind £'000	Pension benefits £'000	Total £'000	Salary & allowance £'000	Benefits in Kind £'000	Pension benefits £'000	Total £'000
Frank Bryan (Chair)	20-25	0	0	20-25	20-25	0	0	20-25
Catherine Burns	0-5	0	0	0-5	5-10	0	0	5-10
Kate Burns	0-5	0	0	0-5	5-10	0	0	5-10
Kay Collins	0-5	0	0	0-5	0-5	0	0	0-5
Jim McCall	0-5	0	0	0-5	0-5	0	0	0-5
Kathleen O'Hare	5-10	0	0	5-10	5-10	0	0	5-10
Wendy Gillies	0-5	0	0	0-5	0-5	0	0	0-5
Samuel Snodden	0-5	0	0	0-5	5-10	0	0	5-10
Seamus Dawson	0-5	0	0	0-5	0-5	0	0	0-5
Brian Wilson	0-5	0	0	0-5	0-5	0	0	0-5
Maureen Walkingshaw	0-5	0	0	0-5	0-5	0	0	0-5
Conor Herbert	0-5	0	0	0-5	0	0	0	0
Morgan Murphy⁵	0	0	0	0	0-5	0	0	0-5
John McGrillen	0	0	0	0	0	0	0	0

⁵ Term finished 31st July 2018

The Principal/Director and Senior College Staff

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

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

Minimum pay levels

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

Progression

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

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

Performance pay

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

Total reward package

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

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

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

Service contracts

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

Salary and pension entitlements

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

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

Senior Management	2018-19				2017-18			
	Salary £'000	Benefits in kind £'000	Pension benefits £'000*	Total £'000	Salary £'000	Benefits in kind £'000	Pension benefits £'000	Total £'000
MT McGivern (Chief Executive)	120-125	0	0	120-125	120-125	0	15-20	135-140
E Hartin (Director of Corporate services)	85-90	0	15-20	100-105	85-90	0	15-20	100-105
D Duffy (Director of Development)	85-90	0	25-30	110-115	85-90	0	25-30	110-115
J Heggarty (Director of Curriculum)	85-90	0	25-30	110-115	80-85	0	55-60	140-145
G Magee (Director of People Policy & Planning)	80-85	0	35-40	115-120	75-80	0	15-20	90-95

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

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

	2018-19	2017-18
Band of highest paid Director's total remuneration	£120k-£125k	£120k-£125k
Median total remuneration	£33,752	£33,437
Ratio	3.59	3.62

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

Salary

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

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

Pension entitlements (audited)

Senior Management	Accrued pension at pension age as at 31/7/19 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/7/19	CETV at 31/7/18	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
MT McGivern (Chief Executive)	85-90 plus lump sum of 0	0 plus lump sum of 0	1,681	1,595	86
E Hartin (Director of Corporate Services)	10-15 plus lump sum of 0	0 to 5 plus lump sum of 0	145	113	32
D Duffy (Director of Development)	10-15 plus lump sum of 0	0 to 5 plus lump sum of 0	169	121	48
J Heggarty (Director of Curriculum)	15-20 plus lump sum of 35-40	0 to 5 plus lump sum of 0 to 5	307	253	55
G Magee (Director of People, Policy & Planning)	20-25 plus lump sum of 15-20	0 to 5 plus lump sum of 0 to 5	263	228	35

Pension arrangements

Retirement benefits to employees of the college are provided by the Northern Ireland Teachers' Pension Scheme (NITPS) and the Local Government Pension Scheme for Northern Ireland administered by the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC).

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

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

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

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

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

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

Cash Equivalent Transfer Values

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

Real increase in CETV

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

Governing Body

BELFAST METROPOLITAN COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2019

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

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

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

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

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

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

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

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

Approved by order of the Governing Body members on 12th November 2019 and signed on its behalf by:



Frank Bryan
Chair of Governing Body

Date 12th November 2019

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2019

Introduction

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

Summary of the College's Structure of Corporate Governance

Governing Body

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

The College's Governing Body is comprised of members appointed by the Minister for the Department for the Economy, members nominated by the Education Authority for the area, staff and students of the College, the Principal & Chief Executive and people co-opted by the Governing Body. The role of the Chairman of the Governing Body is separate from the role of the College Principal & Chief Executive. The Governing Body is responsible for the on-going strategic direction of the College whilst the Executive Officers are responsible for the operational management of the College. The Governing Body approves all major developments and receives regular reports on the activities of the College. The Governing Body met six times during the 2018-19 academic year.

At the time of writing the appointment of new nominees awaits the resumption of normal business in the NI Assembly and the appointment of a DfE Minister.

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

Information presented to the Governing Body is normally prepared by the appropriate business area and reviewed by the Executive team, and in the case of governance issues prepared by the Secretary and reviewed by the Chairperson. The College aims to have all papers issued a week in advance of any Board meeting to allow members to review and, where appropriate, to raise questions in advance. The relevant business area may then either be asked to attend the meeting or to provide more detail in advance of the meeting to support discussions. This ensures a high quality of reliable and up to date information is presented. The Governing Body is content with the quality and reliability of the information presented in 2018-19 and has commented favourably on the continuing improvements made in presentation and ease of use of data.

Governing Body performance and effectiveness

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

- Hosting a series of Learning & Development sessions within the Governing Body;
- Preparing for the changeover of several members and the induction of new members;
- Attending a range of internal and external training events, workshops and strategic planning days; and
- Undertaking the Annual Governing Body Assessment process which is overseen by DfE across the sector and includes a member assessment, a Chair Assessment and Governing body self-assessment questionnaires

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

Audit and Risk Committee

The Audit and Risk (A&R) Committee operates as an advisory body to the Governing Body and the Accounting Officer. The A&R Committee is responsible for reviewing the effectiveness of the College accounting procedures and systems of internal control. It also must satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness. The A&R Committee met 4 times during the 2018-19 year to discuss reports from the External and Internal Auditors and the relevant management responses. It reviewed the annual financial statements to ensure compliance with legislation and accounting standards.

The A&R Committee met 4 times during 2018-19, key issues discussed during the year were as follows:

- Internal Audit planning;
- Internal Audit reports including reviews of budget management and financial planning, IT security / Cyber security, Data Protection, management of part-time lecturers, curriculum workforce planning and review of the training model;
- NIAO matters including NIAO strategy and audit planning, Report To Those Charged with Governance (RTTCWG), and year end accounts;
- Risk management and opportunity;
- Follow up on outstanding recommendations from all sources;
- Compliance issues such as Direct Award contracts, Fraud, losses, and special payments, Whistleblowing notifications, Gifts and Hospitality notifications;
- DOF and DfE and other third party correspondence including updated Audit Code, Health Checks, circulars and DAO letters;
- Stewardship Statement; and
- A&R Committee effectiveness evaluation.

The Internal Audit Annual report 2018-19 published in October 2019 resulted in the College achieving an overall rating of a 'Satisfactory' assurance.

NB "Satisfactory" is now the highest level of audit opinion as defined in Accounting Officer letter DAO (DoF) 07/16.

Progress against plan 2018-19	Report Delivered	Assurance Rating
Budget Management and Financial planning	February 2019	Satisfactory
IT Security / Cyber Security	March 2019	Satisfactory
Data Protection (GDPR)	September 2019	Satisfactory
Management of Part Time Lecturers	September 2019	Satisfactory
Curriculum Workforce Planning	September 2019	Satisfactory
Review of the Training Model	September 2019	Satisfactory
Sector Wide Review – Use of Hardship, Care to Learn and ASF Funds	May 2019	N/A

In addition to governors, auditors and DfE representatives, senior officers, namely the Chief Executive, the Director of Corporate Services, the Head of Finance, the Director of People, Policy and Planning and the Centre Manager for Strategic Planning were in attendance.

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

Resources Committee

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

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

The Resource Committee met 4 times during 2018-19, key issues discussed during the year were as follows:

- Annual Accounts;
- Review of contribution on Non-core income;
- Training 3 Year Plan;
- Estates Update;
- IT Update;
- Financial Performance; and
- Budget Setting for the year ahead.

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

Human Resources Committee

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

The HR Committee met 4 times during 2018-19, key issues discussed during the year were as follows:

- Staffing issues;
- Sickness absence statistics;
- Grievance and Disciplinary matters;
- Restructuring proposals;

- Recruitment and retention of staff;
- HR planning priorities; and
- Appraisal process.

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

Curriculum, Quality and Engagement Committee

This Committee is responsible for overseeing the curricular provision of the College, especially the nature, quality and performance of the provision and the extent to which it meets the needs of the community the College seeks to serve.

The CQE Committee met 5 times during 2018-19, key issues discussed during the year were as follows:

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

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

Attendance at Governing Body

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

	Governing Body	A&R Committee	CQE Committee	HR Committee	RES Committee
Frank Bryan (Chair)	6/6	6/6 i.e. 6 meetings attended out of a possible 6 meetings which the governor was eligible to attend during the year.			
Catherine Burns MBE	6/6		5/5	4/4	
Kate Burns	5/6		4/5	3/4	3/4
Kay Collins	4/6	3/4			3/4
Declan Crummey	6/6		4/5		
Seamus Dawson	5/6		4/5		4/4
Gavin Doran	6/6				
Wendy Gillies	6/6				4/4
Connor Herbert	4/5		3/4		1/3
Jim McCall	4/6	3/4			
John McGrillen	3/6				3/4
Kathleen O'Hare	5/6		5/5		4/4
Samuel Snodden	5/6	4/4		4/4	
Maureen Walkingshaw	6/6	2/4		4/4	
Brian Wilson	6/6	1/1	5/5	4/4	
Marie Therese McGivern	5/6	3/4			

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

During 2018-19, the College complied with the principles and supporting provisions set out in the Corporate Governance Code.

The College's Management Structure

The management structure is based on principles of good organisational design and an established structure comprising Directorates led by the Director of Curriculum, the Director of Corporate Services, the Director of Development and the Director of People, Policy and Planning, all reporting to the P&CE. This structure enables a compact Executive Team to exercise strategic and operational oversight on the College by means of clear lines of accountability.

Internal Control Processes

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify the risks to the achievement of College policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 July 2019 and up to the date of approval of the annual report and accords with Department of Finance guidance. I have fully embedded the processes which the Department for the Economy has agreed should be established and confirmed their robustness.

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

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

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

The College receives periodic reports concerning internal control and steps are taken to manage risks in significant areas of responsibility and monitor progress on key projects.

Personal data related incidents

Our Data Breach register shows that 21 data breaches occurred within the College between 1 August 2018 and 31 July 2019, of which five were reportable to the Information Commissioner's Office who recommended they should all be closed without any further action.

Risk Management

The College has in place a comprehensive Corporate Risk Register and a series of operational risk registers, all of which are monitored and managed by Governing Body, Audit & Risk Committee and senior management on a quarterly basis. Our Corporate Risk Register records details of all the risks identified for the College including:

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

The most recent review of our Corporate Risk Register was undertaken in September 2019. This register contained 15 corporate risks that may prevent the College from achieving the aims and objectives set out in the Corporate Plan. The following have been classed as high risk:

- Failure of Properties Division (PD) to implement appropriate Contract Management procedures in relation to statutory and legislative obligations.
- Non availability of sector support infrastructure and systems.
- Non-compliance with H&S policies, procedures and statutory requirements.
- The College does not have an appropriate mix of suitably skilled staff and delivery models to support delivery of the Corporate Plan.
- Failure to develop and maintain good industrial relations.
- Failure to respond to external factors e.g. changing demographics, policy environment and educational landscape.

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

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



Marie-Thérèse McGivern
Chief Executive and Accounting Officer

Date 12 November 2019



Financial Statements

BELFAST METROPOLITAN COLLEGE

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

Opinion on financial statements

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

In my opinion the financial statements:

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

Opinion on regularity

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

Basis for opinion

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

Other Information

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

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

Opinion on other matters

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

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

Responsibilities of the Governing Body

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Matters on which I report by exception

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

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

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

Report

I have no observations to make on these financial statements.

A handwritten signature in black ink, appearing to read 'K J Donnelly', with a stylized flourish at the end.

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

18th November 2019

BELFAST METROPOLITAN COLLEGE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND
EXPENDITURE
FOR THE YEAR ENDED 31 JULY 2019

	Notes	2019 £'000	2018 £'000
INCOME			
Department for the Economy income	1	47,332	46,791
Education contracts	2	780	774
Tuition fees and charges	3	8,836	8,863
Other grant income	4	2,107	1,614
Other operating income	5	1,698	1,551
Investment income	6	12	14
Total income		60,765	59,607
EXPENDITURE			
Staff costs	7	39,776	35,862
Other operating expenses	9	22,575	23,734
Depreciation	12	4,147	3,889
Interest and other finance costs	10	315	426
Total expenditure		66,813	63,911
Surplus/(deficit) before other gains/losses		(6,048)	(4,304)
Gain/(loss) on disposal of assets		0	0
(Loss)/gain on investments		0	0
Surplus/(deficit) before tax		(6,048)	(4,304)
Taxation		0	0
Surplus/(deficit) for the year		(6,048)	(4,304)
Unrealised surplus on revaluation of land and buildings		5,337	8,325
Actuarial (loss)/gain in respect of pension scheme		(6,022)	6,464
Change in fair value of endowments		(4)	(12)
Total comprehensive income for the year		(6,737)	10,473
Represented by:			
Endowment comprehensive income for the year		0	0
Restricted comprehensive income for the year		0	0
Unrestricted comprehensive income for the year		(6,737)	10,473

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

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

**BELFAST METROPOLITAN COLLEGE
CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 JULY 2019**

GROUP	Income and expenditure account			Revaluation reserve	Total excluding Non Controlling Interest	Non controlling interest	Total
	Endowment	Restricted	Unrestricted				
	£'000	£'000	£'000				
Balance at 1 August 2017	224	0	(14,375)	41,377	0	0	27,226
Surplus/(deficit) from income and expenditure statement	0	0	(4,304)	0	0	0	(4,304)
Other comprehensive income	0	0	6,464	8,325	0	0	14,789
Transfers between revaluation and income and expenditure account	0	0	311	(311)	0	0	0
Transfer due to endowment asset investment	(12)	0	0	0	0	0	(12)
Balance at 1 August 2018	212	0	(11,904)	49,391	0	0	37,699
Surplus/(deficit) from income and expenditure statement	0	0	(6,048)	0	0	0	(6,048)
Other comprehensive income	0	0	(6,022)	5,337	0	0	(685)
Transfers between revaluation and income and expenditure account	0	0	25	(25)	0	0	0
Transfer due to endowment asset investment	(4)	0	0	0	0	0	(4)
Total comprehensive income for the year	(4)	0	(12,045)	5,312	0	0	(6,737)
Balance at 31 July 2019	208	0	(23,949)	54,703	0	0	30,962

**BELFAST METROPOLITAN COLLEGE
COLLEGE STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 JULY 2019**

COLLEGE	Income and expenditure account			Revaluation reserve	Total excluding Non Controlling Interest	Non controlling interest	Total
	Endowment	Restricted	Unrestricted				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2017	0	0	(14,366)	39,938	0	0	25,572
Surplus/(deficit) from income and expenditure statement	0	0	(4,449)	0	0	0	(4,449)
Other comprehensive income	0	0	6,464	8,188	0	0	14,652
Transfers between revaluation and income and expenditure account	0	0	311	(311)	0	0	0
Release of restricted funds spent in year	0	0	0	0	0	0	0
Balance at 1 August 2018	0	0	(12,040)	47,815	0	0	35,775
Surplus/(deficit) from income and expenditure statement	0	0	(6,198)	0	0	0	(6,198)
Other comprehensive income	0	0	(6,022)	5,242	0	0	(780)
Transfers between revaluation and income and expenditure account	0	0	0	0	0	0	0
Release of restricted funds spent in year	0	0	0	0	0	0	0
Total comprehensive income for the year	0	0	(12,220)	5,242	0	0	(6,978)
Balance at 31 July 2019	0	0	(24,260)	53,057	0	0	28,797

**BELFAST METROPOLITAN COLLEGE
BALANCE SHEET AS AT 31 JULY 2019**

	Notes	Group 2019 £'000	College 2019 £'000	Group 2018 £'000	College 2018 £'000
Non Current Assets					
Tangible fixed assets	12	112,961	110,556	110,728	108,425
Intangible assets	13	341	341	167	167
Endowment assets	20	208	0	212	0
		113,510	110,897	111,107	108,592
Current assets					
Trade and other receivables	17	4,429	4,504	3,825	4,040
Cash and cash equivalents	21	4,043	3,983	4,641	4,593
Total current assets		8,472	8,487	8,466	8,633
Less: Creditors – amounts falling due within one year	18	13,373	13,337	11,344	11,323
Net current assets		(4,901)	(4,850)	(2,878)	(2,690)
Total assets less current liabilities		108,609	106,047	108,229	105,902
Less: Creditors – amounts falling due after more than one year	19	56,278	55,881	58,212	57,809
Provisions:					
Pension provisions	22	21,369	21,369	12,318	12,318
Other provisions		0	0	0	0
Net assets including pension liability		30,962	28,797	37,699	35,775
Restricted Reserves					
Income and expenditure account –restricted reserve		0	0	0	0
Unrestricted Reserves					
Income and expenditure – unrestricted reserves		(23,949)	(24,260)	(11,904)	(12,040)
Endowment reserves	20	208	0	212	0
Revaluation reserve		54,703	53,057	49,391	47,815
Total reserves		30,962	28,797	37,699	35,775
Total		30,962	28,797	37,699	35,775

The financial statements on pages 42 to 47 were approved by the Governing Body of Belfast Metropolitan College on 12th November and were signed on its behalf on that date by:



Frank Bryan
Chair of governing body
Belfast Metropolitan College



Marie- Therese McGivern
Accounting Officer
Belfast Metropolitan College

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

**BELFAST METROPOLITAN COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2019**

	Notes	2019 £'000	2018 £'000
Cash inflow/(outflow) from operating activities			
Deficit for the year		(6,048)	(4,304)
Adjustment for non-cash items			
Depreciation	12	4,147	3,889
Deferred capital grant released to income	1	(1,432)	(1,423)
Decrease/(increase) in receivables	17	(604)	2,576
Increase/(decrease) in creditors	18	2,384	695
Increase/(decrease) in pension provision	22	3,029	1,531
Increase/(decrease) in other provisions		0	0
Adjustment for investing or financing activities		0	0
Investment income	6	(12)	(14)
Profit on sale of fixed assets		0	0
Net cash inflow from operating activities		1,464	2,950
Cash flows from investing activities			
Proceeds from sale of fixed assets		25	170
Proceeds from sales of intangible assets		0	0
Deferred capital grants received		1,004	502
Investment income	6	12	14
Payments made to acquire fixed assets		(929)	(579)
Payments made to acquire intangible assets		0	0
New non-current asset investments		0	0
Movement in endowment reserve	20	4	12
Net cash inflow from investing activities		116	119
Cash inflows from financing activities			
Capital and interest elements of PFI lease rental payments		(2,178)	(2,176)
Interest paid		0	0
Net cash outflow from financing activities		(2,178)	(2,176)
(Decrease)/increase in cash and cash equivalents in the year			
Net funds at 1 August		4,641	3,748
Net funds at 31 July		4,043	4,641

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

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

**BELFAST METROPOLITAN COLLEGE
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2019**

Statement of Accounting Policies

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

Basis of preparation

These financial statements have been prepared on the going concern basis in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The college [and group] is a public benefit entity and has therefore applied the relevant public benefit entity requirements of FRS 102.

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

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

Basis of accounting

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

Going concern

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

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

Basis of consolidation

The consolidated financial statements include the college and its subsidiaries, Springvale Educational Village Limited (SEV Ltd) and Belfast Metropolitan College Trust. Intra-group balances are eliminated on consolidation. All financial statements are made up to 31 July 2019.

STATEMENT OF ACCOUNTING POLICIES (continued)

Recognition of Income

Government Grants [accruals model]

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

Tuition Fees

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

Non-government Grants

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

Interest

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

Capital Grants (non land grants) [accruals model]

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

Other Capital Grants

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

Donations and Endowments

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

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

STATEMENT OF ACCOUNTING POLICIES (continued)

Pension scheme

The two principal pension schemes for the college's staff are the Northern Ireland Teacher's Pension Scheme (NITPS) and the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) defined benefit schemes.

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

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

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

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

STATEMENT OF ACCOUNTING POLICIES (continued)

Tangible Fixed Assets

- **Land and buildings**

Land and buildings are stated in the balance sheet at valuation on the basis of depreciated replacement cost, as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Land and buildings acquired since the last valuation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the college of 50 years. Where land and buildings are acquired with the aid of specific grants, these are accounted for in accordance with the revenue recognition policies above.

- **Assets under construction**

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2019. They are not depreciated until they are brought into use.

- **Assets other than land and buildings**

Assets other than land and buildings costing less than £3,000 per individual item are written off to the income and expenditure account in the period of acquisition. All other assets are capitalised at cost.

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

Computers	- three years straight line
Motor vehicles	- four years straight line
Plant and equipment	- five years straight line
Fixtures and Fittings	- five years straight line

Private Finance Initiative

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

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

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

STATEMENT OF ACCOUNTING POLICIES (continued)

Leased Assets

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

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

Intangible Assets

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

Foreign currency translation

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

Taxation

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

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

Liquid resources

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

Provisions

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

Agency arrangements

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

NOTES TO THE FINANCIAL STATEMENTS

1. DEPARTMENT FOR THE ECONOMY INCOME

	2019 £'000	2018 £'000
Grant In Aid Received from DfE		
Recurrent grant	34,340	33,334
Release of deferred capital grants	1,432	1,423
Additional Support funds	573	532
Students with Learning Difficulties and/or Disabilities (SLDD)	486	479
Innovation Fund	215	315
Private Finance Initiative (PFI)/ Public Private Partnership (PPP)	6,581	6,559
Skills Focus	0	32
Other	357	146
Grant In Aid Items	<u>43,984</u>	<u>42,820</u>

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

Non-Grant in Aid received from DfE

Education Maintenance Allowance administration	27	31
Assured Skills	907	820
Youth Training	1,243	1,485
Higher Level Apprenticeships	558	920
Level 3 Apprenticeships	613	715
Other	0	0
Non-grant in aid items	<u>3,348</u>	<u>3,971</u>
Total DfE income	<u>47,332</u>	<u>46,791</u>

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

	2019 £'000	2018 £'000
Innovation Fund	<u>215</u>	<u>315</u>
Net income	<u>215</u>	<u>315</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. EDUCATION CONTRACTS

	2019 £'000	2018 £'000
Entitlement Framework	226	286
Training for Success	554	488
Total	780	774

3. TUITION FEES AND CHARGES

	2019 £'000	2018 £'000
Higher Education (HE) income	4,595	4,644
Home and other European Union	4,215	4,210
Non-European Union	26	9
Total	8,836	8,863

Tuition fees funded by bursaries

Included within the above amounts are amounts which fund bursaries of £28,086 (2018: £68,881).

4. OTHER GRANT INCOME

	2019 £'000	2018 £'000
European funds	1,922	1,483
Other funds	185	131
Total	2,107	1,614

5. OTHER OPERATING INCOME

	2019 £'000	2018 £'000
Catering and residence operations	322	668
Other income generating activities	1,100	699
Other income	276	184
Total	1,698	1,551

6. INVESTMENT INCOME

	2019 £'000	2018 £'000
Other investment income	12	13
Other interest receivable	0	1
Total	12	14

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. STAFF COSTS

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

	2019	2018
	No.	No.
Governing body	0	0
Teaching	400	404
Support	145	142
Administration	252	207
Premises	31	30
Total	<u>828</u>	<u>783</u>

Staff costs for the above persons

	2019	2018
	£'000	£'000
Governing body	61	83
Teaching	18,653	18,344
Support	5,247	4,599
Administration	11,779	10,437
FRS 102 adjustment (see note 22)	2,714	1,105
Premises	1,322	1,294
Total	<u>39,776</u>	<u>35,862</u>
Wages and salaries	29,684	28,241
Social security costs	2,461	2,309
Movement in pension	0	0
Other pension costs	7,631	5,312
Total	<u>39,776</u>	<u>35,862</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Senior post-holders		Other staff	
	2019 No.	2018 No.	2019 No.	2018 No.
£60,001 to £70,000	0	0	18	17
£70,001 to £80,000	0	0	7	6
£80,001 to £90,000	0	1	0	0
£90,001 to £100,000	1	1	0	0
£100,001 to £110,000	3	2	0	0
£110,001 to £120,000	0	0	0	0
£120,001 to £130,000	1	1	0	0
£130,001 to £140,000	0	0	0	0
£140,001 to £150,000	0	0	0	0
	<u>5</u>	<u>5</u>	<u>25</u>	<u>23</u>

8. KEY MANAGEMENT PERSONNEL

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

	2019 No.	2018 No.
The number of senior post-holders including the Principal was:	<u>5</u>	<u>5</u>

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

	2019 £'000	2018 £'000
Salaries	462	450
Pension contributions	<u>68</u>	<u>59</u>
Total emoluments	<u>530</u>	<u>509</u>

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

	2019 £'000	2018 £'000
Salaries	121	121
Pension contributions	<u>0</u>	<u>0</u>
Total	<u>121</u>	<u>121</u>

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. OTHER OPERATING EXPENSES

	2019	2018
	£'000	£'000
Direct Teaching	952	1,371
Direct Support	4,489	4,210
Administration	3,641	4,112
Consultancy Fees	214	191
Premises	5,082	5,360
Unitary payments under PFI contract	5,038	5,165
Interest element of finance lease	3,159	3,325
Total	22,575	23,734

Other operating expenses include:

	2019	2018
	£'000	£'000
Auditors' remuneration:		
Financial statements audit (includes £24,250 in respect of the college – 2017-18 £22,000)	24	22
Internal audit (includes £24,318 in respect of the college – 2017-18 £30,454)	24	30
Hire of plant and machinery – operating leases	262	321

10. INTEREST AND OTHER FINANCE COSTS

	2019	2018
	£'000	£'000
On bank loans, overdrafts and other loans	0	0
	0	0
On finance leases	0	0
Net charge on pension scheme	315	426
Total	315	426

11. TAXATION

The members do not believe the college was liable for any corporation tax arising out of its activities during this period. SEV Ltd had a liability of £nil in 2018-19.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. TANGIBLE FIXED ASSETS

Group	Freehold land & buildings £'000	Assets under construction £'000	PFI £'000	Plant & equipm't £'000	Computers £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation								
At 1 August 2018	34,091	51	76,942	5,249	4,092	164	229	120,818
Additions	0	0	93	442	373	95	19	1,022
Transfers	0	(51)	0	51	0	0	0	0
Surplus/(deficit) on revaluation	1,802	0	3,554	0	0	0	0	5,356
Disposals	(25)	0	0	0	0	0	0	(25)
At 31 July 2019	35,868	0	80,589	5,742	4,465	259	248	127,171
Depreciation								
At 1 August 2018	694	0	2,170	3,062	3,809	126	229	10,090
Charge for the year	763	0	2,331	778	248	25	2	4,147
Revaluation	0	0	0	0	0	0	0	0
Impairment	(27)	0	0	0	0	0	0	(27)
Elimination in respect of disposals	0	0	0	0	0	0	0	0
At 31 July 2019	1,430	0	4,501	3,840	4,057	151	231	14,210
Net book value at 31 July 2019	34,438	0	76,088	1,902	408	108	17	112,961
Net book value at 31 July 2018	33,397	51	74,772	2,187	283	38	0	110,728

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. TANGIBLE FIXED ASSETS

College

	Freehold land & buildings £'000	Assets under construction £'000	PFI* £'000	Plant & equipm't £'000	Computers £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation								
At 1 August 2018	31,776	51	76,942	5,101	4,092	164	229	118,355
Additions	0	0	93	442	373	95	19	1,022
Transfers	0	(51)	0	51	0	0	0	0
Surplus/(deficit) on revaluation	1,687	0	3,555	0	0	0	0	5,242
Disposals	0	0	0	0	0	0	0	0
At 31 July 2019	33,463	0	80,590	5,594	4,465	259	248	124,619
Depreciation								
At 1 August 2018	682	0	2,170	2,914	3,809	126	229	9,930
Charge for the year	749	0	2,331	778	248	25	2	4,133
Revaluation	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0
Elimination in respect of disposals	0	0	0	0	0	0	0	0
At 31 July 2019	1,431	0	4,501	3,692	4,057	151	231	14,063
Net book value at 31 July 2019	32,032	0	76,089	1,902	408	108	17	110,556
Net book value at 31 July 2018	31,094	51	74,772	2,187	283	38	0	108,425

Land and buildings were last subject to a full revaluation at 31 July 2017 on a depreciated replacement cost basis. The valuations were performed independently by the Land and Property Service. Subsequently that revaluation was updated using indices supplied by the Land and Property Service to provide valuations as at 31 July 2019.

These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. TANGIBLE FIXED ASSETS

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

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

The net book value of tangible fixed assets includes an amount of £76,089k (2018: £75,096k) in respect of assets held under finance leases.

	2019	2018
	£'000	£'000
The depreciation charge for the year is analysed as follows:		
Owned assets	1,816	1,719
Assets held under finance leases and hire purchase arrangements	2,331	2,170

13. INTANGIBLE FIXED ASSETS

Group and College

	Asset Under Construction	TOTAL
	£'000	£'000
Cost or valuation		
At 1 August 2018	167	167
Additions	174	174
Disposals	<u>0</u>	<u>0</u>
At 31 July 2019	<u>341</u>	<u>341</u>
Depreciation		
At 1 August 2018	0	0
Charge for the year	0	0
Elimination in respect of disposals	<u>0</u>	<u>0</u>
At 31 July 2019	<u>0</u>	<u>0</u>
Net book value at 31 July 2019	<u>341</u>	<u>341</u>
Net book value at 31 July 2018	<u>167</u>	<u>167</u>

The intangible asset under construction is a jointly owned and controlled asset among the six Further Education Colleges of Northern Ireland and Belfast Metropolitan College's share is £341k. The asset under construction is a Learner Management System that will be operated centrally for the sector. The intangible asset is funded in full through a capital grant from the Department for the Economy. The total cost for the joint asset for the sector is estimated to be £2,325k.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. SERVICE CONCESSION ARRANGEMENTS

The College has two on balance sheet arrangements where service delivery has commenced, Millfield and Titanic Quarter.

Movement in service concession arrangement assets

The asset value of the service concession included in the balance sheet as at 31 July 2019 is £76,089k (2018:£74,772k). The increase of £1,317k is due to depreciation being offset by additions and indexation.

Movement in service concession liabilities

The total liabilities relating to the service concession included in the balance sheet as at 31 July 2019 were £32,287k (2018: £34,372k). The sum of £2,085k was repaid during the year.

Future Commitments

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

	Payable in 1 year	Payable 2-5 years	Payable >5 years	Total
Liability repayments	1,677	6,675	23,935	32,287
Finance charge	3,019	10,699	13,465	27,183
Service charge	0	0	0	0
	4,696	17,374	37,400	59,470

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. NON CURRENT INVESTMENTS

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

16. INVESTMENTS IN ASSOCIATES

The college does not have any investments in associates.

17. TRADE AND OTHER RECEIVABLES

	Group	College	Group	College
	2019	2019	2018	2018
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables	1,309	1,287	1,376	1,354
Amounts owed by group undertakings:				
Subsidiary undertakings	0	99	0	239
Advance payments in respect of PFI contracts	827	827	931	931
Amounts due from Department	356	356	575	575
Prepayments and accrued income	<u>1,937</u>	<u>1,935</u>	<u>943</u>	<u>941</u>
Total receivables	<u>4,429</u>	<u>4,504</u>	<u>3,825</u>	<u>4,040</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Group	College	Group	College
	2019	2019	2018	2018
	£'000	£'000	£'000	£'000
Service concession arrangements	1,678	1,678	2,085	2,085
Payments received in advance	5,493	5,483	2,238	2,236
Trade payables	97	92	34	34
Amounts owed to group undertakings:				
Subsidiary undertakings	0	0	0	0
Taxation and social security	1,306	1,303	1,209	1,207
Accruals and deferred income	4,631	4,613	5,670	5,653
Other payables	15	15	5	5
Amounts owed to the Department	153	153	103	103
Total	<u>13,373</u>	<u>13,337</u>	<u>11,344</u>	<u>11,323</u>

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

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

Deferred income

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

	Group	College	Group	College
	2019	2019	2018	2018
	£'000	£'000	£'000	£'000
Donations	0	0	0	0
Grant income	1,343	1,336	1,292	1,285
Other income	0	0	0	0
	<u>1,343</u>	<u>1,336</u>	<u>1,292</u>	<u>1,285</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group	College	Group	College
	2019	2019	2018	2018
	£'000	£'000	£'000	£'000
Deferred income	25,668	25,271	25,925	25,522
Service concession liabilities due after one year	<u>30,610</u>	<u>30,610</u>	<u>32,287</u>	<u>32,287</u>
Total creditors after one year	<u>56,278</u>	<u>55,881</u>	<u>58,212</u>	<u>57,809</u>

20. ENDOWMENT RESERVES

	Restricted permanent	Unrestricted permanent	Expendable endowments	2019 Total	2018 Total
	£'000	£'000	£'000	£'000	£'000
At 1 August	0	212	0	212	224
Capital					
Accumulated income	<u>0</u>	<u>212</u>	<u>0</u>	<u>212</u>	<u>224</u>
New endowments	0	0	0	0	0
Income for year	0	6	0	6	2
Expenditure for year	0	(18)	0	(18)	(26)
(Decrease)/increase in market value of investments	<u>0</u>	<u>8</u>	<u>0</u>	<u>8</u>	<u>12</u>
At 31 July	<u>0</u>	<u>208</u>	<u>0</u>	<u>208</u>	<u>212</u>

21. CASH AND CASH EQUIVALENTS

	As 1 August 2018	Cash Flows	At 31 July 2019
	£'000	£'000	£'000
Cash and Cash equivalents at 31 July	<u>4,641</u>	<u>(598)</u>	<u>4,043</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. PENSIONS AND SIMILAR OBLIGATIONS

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

Total pension cost for the year

	2019	2018
	£'000	£'000
NITPS: contributions paid	2,901	2,568
NILGOSC: contributions paid	1,994	1,627
NILGOSC: FRS 102 (28) adjustments	2,714	1,105
NEST: contributions paid	<u>22</u>	<u>12</u>
Charge to the Consolidated Statement of Comprehensive Income (staff costs)	7,631	5,312
Enhanced pension charge to the Consolidated Statement of Comprehensive Income (staff costs)	<u>0</u>	<u>0</u>
Total pension cost for the year	<u>7,631</u>	<u>5,312</u>

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

NITPS

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

From 1st April 2018 the bands changed to those below:

Salary	Member contribution rate
Up to £27,047	7.4%
£27,048 to £36,410	8.6%
£36,411 to £43,171	9.6%
£43,172 to £57,216	10.2%
£57,217 to £78,022	11.3%
£78,023 and above	11.7%

The salary bands have been increased again from 1 April 2019. The NITPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme, and therefore, as required by FRS 102 (28), accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period. The college has set out above the information available on the scheme and the implications for the college in terms of the anticipated contribution rates.

NILGOSC

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Principal actuarial assumptions

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

	At 31 July 2019	At 31 July 2018
Rate of increase in salaries	3.7%	3.6%
Rate of increase for pensions in payment/inflation	2.2%	2.1%
Discount rate for scheme liabilities	2.2%	2.8%
Inflation assumption (CPI)	2.2%	2.1%
RPI assumption	3.2%	3.2%

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

	At 31 July 2019	At 31 July 2018
<i>Retiring today</i>		
Males	22.3	23.3
Females	24.6	25.9
<i>Retiring in 20 years</i>		
Males	24	25.5
Females	26.4	28.2

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

	Long-term rate of return expected at 31 July 2019	Value at 31 July 2019 £'000	Long-term rate of return expected at 31 July 2018	Value at 31 July 2018 £'000
Equities	40.2%	29,926	61.1%	42,119
Bonds	40.9%	30,448	22.9%	15,786
Property	10.8%	8,040	10.2%	7,031
Cash and other	8.1%	6,030	5.8%	3,998
Total		74,444		68,934

Amounts recognised in the balance sheet

	2019 £'000	2018 £'000
Scheme assets	74,444	68,934
Scheme liabilities	(95,813)	(81,252)
Deficit in the scheme (net pension liability recorded within pension provisions)	(21,369)	(12,318)

NOTES TO THE FINANCIAL STATEMENTS (continued)

The actuarial report also advises on a constructive obligation for accounting purposes in respect of the McCloud / Sargeant court ruling for employers reporting at 31 July 2019.

McCloud Judgement (Past Service Cost £1,408k)

In December 2018 the Court of Appeal ruled in the 'McCloud/Sargeant' judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. The Government applied to the Supreme Court for permission to appeal this judgement, however the Supreme Court rejected the Government's request on 27 June 2019.

The next stage is for the case to be referred to the Employment Tribunal to agree the remedy, following appropriate consultation. In a Ministerial Statement dated 15 July 2019 the Government committed to extending a remedy across all public sector schemes which included similar transitional protection arrangements and includes the LGPS. As a result, the College has included a constructive obligation at 31 July 2019 in relation to the potential remedy using an approximate method.

Guaranteed Minimum Pension Indexation and Equalisation (Past Service Cost £188k)

Following changes to the State Pension in April 2016, there was a risk that members of the LGPS who were 'contracted out' of the State Pension between 6 April 1978 and 6 April 1997, and who would reach their State Pension Age (SPA) after April 2016, would be worse off. This is because State Pension reforms removed the facility of the State to pay 'top up' payments to ensure their total pension was fully inflation protected. The LGPS was only required to pay limited increases on some elements of GMP (a portion of pension accrued in the LGPS when members were contracted out of the State Scheme).

In March 2016, the Government committed the LGPS to pay full pension increases on GMPs to individuals reaching SPA between 6 April 2016 and 5 December 2018. This has previously been accounted for. In January 2018, the Government committed the LGPS to pay full pension increases on GMPs to individuals reaching SPA between 6 December 2018 and 5 April 2021. This has not been recognised in the accounts to date. Further, the Government has indicated that it is committed to continuing to compensate all members of public sector pension schemes reaching SPA after 5 April 2021.

The Government's view is that this solution also meets sex equalisation requirements. As a result, the College has included a constructive obligation at 31 July 2019, using an approximate method, for the Government's commitment to pay pension increases on GMPs for members reaching SPA after 5 December 2018, which includes a liability for Government's commitment to compensate all members in the future from changes to the State Pension.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	2019 £'000	2018 £'000
Amounts included in staff costs		
Employer service cost (net of employee contributions)	3,254	2,856
Past service cost (obligation based on court rulings)	1,596	0
Total	4,850	2,856

Analysis of pension finance income/(costs)

	2019 £'000	2018 £'000
Expected return on pension scheme assets	1,948	1,606
Interest cost	(2,263)	(2,032)
Interest on net deficit	0	0
Net charge to other finance costs	(315)	(426)

Analysis of Other Comprehensive Income for pensions

	2019 £'000	2018 £'000
Actuarial gains on pension scheme assets	2,349	5,168
Actuarial gains/losses on scheme liabilities	(8,371)	1,296
Past service credit arising on change of pension increase assumption in year		
Total Other Comprehensive Income	(6,022)	6,464

Movement in surplus/(deficit) during the year

	2019 £'000	2018 £'000
Surplus/(deficit) in scheme at 1 August	(12,318)	(17,251)
Movement in the year:		
Employer service cost (net of employee contributions)	(3,254)	(2,856)
Employer contributions	2,136	1,751
Past service cost	(1,596)	0
Net interest/return on assets	(315)	(426)
Actuarial gain or loss recognised in Other Comprehensive Income	(6,022)	6,464
Surplus/(deficit) in scheme at 31 July	(21,369)	(12,318)

NOTES TO THE FINANCIAL STATEMENTS (continued)

Asset and liability reconciliation

	2019 £'000	2018 £'000
Reconciliation of liabilities		
Liabilities at start of period	81,252	78,620
Service cost	3,254	2,856
Interest cost	2,263	2,032
Employee contributions	674	574
Experience gains and losses on scheme liabilities	0	0
Actuarial (gain)/loss	8,371	(1,296)
Benefits paid	(1,597)	(1,534)
Past service cost	1,596	0
Curtailments and settlements	0	0
	<u>95,813</u>	<u>81,252</u>
Liabilities at end of period		
Reconciliation of assets		
Assets at start of period	68,934	61,369
Expected return on assets	1,948	1,606
Actuarial gain/(loss)	2,349	5,168
Employer contributions	2,136	1,751
Employee contributions	674	574
Benefits paid	(1,597)	(1,534)
	<u>74,444</u>	<u>68,934</u>
Assets at end of period		

National Employment Savings Trust (NEST)

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. EVENTS AFTER THE END OF THE REPORTING PERIOD

Details of events after the end of the reporting period are given in the report of the members of the governing body.

24. SUBSIDIARY UNDERTAKINGS

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

25. FINANCIAL COMMITMENTS

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

	Group and College	
	2019	2018
	£'000	£'000
Land and buildings		
Expiring within one year	0	0
Expiring within two and five years inclusive	0	0
Expiring in over five years	0	0
Total	0	0
Other		
Expiring within one year	31	68
Expiring within two and five years inclusive	0	0
Expiring in over five years	0	0
Total	31	68

26. CONTINGENT LIABILITY

The College has a possible obligation in relation to the ruling on 17th June 2019 made by the Court of Appeal against the Police Service of Northern Ireland on backdated holiday pay. This is an extremely rare and complex case with a significant number of issues that still need to be resolved, including further legal advice with regards to the Judgement; the scope; timescales; process of appeals and engagement with Trade Unions. The legal issues arising from this Judgement and the implications for Belfast Metropolitan College and wider public sector will need further consideration. The Department of Finance is leading a piece of work across the NI Civil Service, reviewing the implications for each of the major staffing groups across the public sector. Until there is further clarity when this work has concluded, and based on the inherent uncertainties in the final decision that will be made, a reliable estimate cannot be provided at this stage.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

Governor	Company	Role	Transactions (AP/AR*) 2019 £'000	Transactions (AP/AR) 2018 £'000	Amount outstanding to BMC at 31 July 2019 £'000	Amount outstanding to BMC at 31 July 2018 £'000
Kay Collins	G McG Belfast Limited	Nominated to Belfast Met by BELB	0 & 1	0 & 1	0	1
Jim McCall	NI Water	Non-Executive Director	108 & 7	105 & 0	0	0
	NIHSCT	Non-Executive Director	0 & 0	1 & 0	0	0
	NI Housing Executive	Non-Executive Director	32 & 3	0 & 12	0	0
Wendy Gillies	Odyssey Trust Company	Head of Social Affairs	0 & 1	1 & 0	0	0
Kathleen O'Hare	CCEA	Member	84 & 35	85 & 74	1	0
John McGrillen	Tourism NI	Chief Executive	0 & 0	0 & 2	0	0
Maureen Walkingshaw	British Telecom	Former Employee	2,134 & 0	1,264 & 0	13	0
Brian Wilson	British Council	Employee	4 & 50	2 & 8	5	5
	CCEA	Member	84 & 35	85 & 74	1	0
Senior Manager						
Marie-Therese McGivern	Bombardier PLC	Non-Executive Director	0 & 24	0 & 18	3	9
Gillian Magee	RC2020	Executive Director	3 & 0	0 & 3	0	0

* AP/AR – Accounts Payable/ Accounts Receivable

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. AMOUNTS DISBURSED AS AGENT

Support Funds

	2019 £'000	2018 £'000
DfE Grants	754	756
Interest earned	<u>0</u>	<u>0</u>
	754	756
Disbursed to students	(601)	(677)
Audit fees	<u>0</u>	<u>0</u>
Balance unspent at 31 July	<u>153</u>	<u>79</u>

Care to Learn

	2019 £'000	2018 £'000
DfE Grants	29	13
Interest earned	<u>0</u>	<u>0</u>
	29	13
Disbursed to students	(29)	(13)
Audit fees	<u>0</u>	<u>0</u>
Balance unspent at 31 July	<u>0</u>	<u>0</u>

29. LOSSES AND SPECIAL PAYMENTS

In the period 1 August 2018 to 31 July 2019 bad debts totalling £45,868 (2017-18 £14,023) were written off which were mainly student fees.

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. ADDITIONAL DISCLOSURES TO COMPLY WITH FINANCIAL REPORTING MANUAL

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

	Notes	2019 £'000	2018 £'000
INCOME			
DfE income (non grant-in-aid items)	1	3,348	3,971
Education contracts	2	780	774
Tuition fees and charges	3	8,836	8,863
Other grant income	4	2,107	1,614
Other operating income	5	1,698	1,551
Endowment and Investment income	6	12	14
Total incoming resources		16,781	16,787
EXPENDITURE			
Staff costs	7	39,776	35,862
Other operating expenses	9	22,575	23,734
Depreciation	12	4,147	3,889
Interest and other finance costs	10	315	426
Total resources expended		(66,813)	(63,911)
Net deficit for the year		(50,032)	(47,124)
Unrealised surplus on revaluation of land and buildings		5,337	8,325
Actuarial (loss)/gain in respect of pension scheme		(6,022)	6,464
Transfer due to endowment asset investments		(4)	(12)
Amount transferred to reserves		(50,721)	(32,347)
Analysis of reserves prepared under FReM		2019	2018
		£'000	£'000
Balance at 1 August		37,699	27,226
Grant-in-aid received in year		43,984	42,820
Net operating cost for year [<i>amount transferred to reserves</i>]		(50,721)	(32,347)
Balance at 31 July		30,962	37,699

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