



Annual Report
and Financial Statements

2019
20

**Belfast Metropolitan College
Annual Report and Accounts
For the year ended 31 July 2020**

*The Accounting Officer authorised these
financial statements for issue
on
9 December 2020*

*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

23rd December 2020

Belfast Metropolitan College
Annual Report and Financial Statements
For the year ended 31 July 2020

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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, let me start by commending the leadership team, staff and learners for rising to the unprecedented challenge of the Covid-19 pandemic, in what proved to be a year of two very distinct halves.

The 2019-20 Academic year got off to a great start with Belfast Met enrolling many new learners alongside existing students, and providing them with a high quality teaching and learning experience. In addition, the College worked with hundreds of businesses training their employees and apprentices, providing much needed business support and advice.

There was much to be proud of, most notably Belfast Met being recognised with ‘*The Queen’s Anniversary Prize*’ for excellence in ICT training. This is a very prestigious biennial National award recognising excellence, innovation and public benefit in work carried out by outstanding colleges and universities throughout the UK. There were numerous other national and international awards for the college this year, for example, at the N.I. Apprenticeship Awards the Large Employer Innovation Award was won by Citi in partnership with Belfast Met, and one of our learners was joint winner of the Higher Level Apprentice Award.

However, on 23 March 2020 our reality changed. To protect the health and wellbeing of our staff and students the College quickly moved to close its buildings, moving teaching and learning online. In response to these exceptional circumstances, our staff immediately rose to the challenge, adapting at pace to a virtual learning platform so they could continue to teach, allowing our learners to continue to learn. Throughout this monumental challenge, and while preparations were made to fully re-open our college campuses safely, Belfast Met continued to ensure its values of *Collaboration, Ambition, Respect, and Excellence* informed all our decisions.

Belfast Met directly contributed to the public health challenge presented by Covid-19. The College quickly provided training support for the Cooneen Group’s new machinists, who were recruited to help meet the demand for PPE. Belfast Met also lent its 3D printers to Axial to make PPE face shields, and made PPE donations to support the fight against the pandemic.

The College prides itself in delivering real benefits to our learners who go on to secure their first job, and take advantage of greater career opportunities from higher qualifications. In 2020 Belfast Met received an overall satisfaction rating of 94% from Further Education students, and 85% from Higher Education students. Of those learners who left the College in 2017-18, it is hugely satisfying to note that 9 out of 10 are in employment or went on to further learning.

March 2020 witnessed another notable event as we bid a fond farewell to former Principal and Chief Executive Marie-Therese McGivern, who retired after more than ten years at the helm. On behalf of the Governing Body, and the whole College, I wish to record our gratitude to MT for her transformational leadership which proved pivotal to Belfast Met becoming the anchor institution for skills in the city that it is today.

I would take this opportunity to also welcome our new Principal and Chief Executive Louise Warde Hunter who took up position on 20 April 2020. Belfast Met is fortunate to have such a talented and dedicated Executive Leadership Team who have worked tirelessly in safely navigating the college

through this pandemic, working in close collaboration with our staff and colleagues across the Further Education sector.

I am immensely proud of the how our lecturers have maintained their quality of teaching throughout this hugely challenging year, ably backed by all our support staff. Together they have helped thousands of students obtain the qualifications required to move on to the next stage of their career.

We have all faced significant professional and personal challenges over this period, particularly when it has impacted the health and wellbeing of those closest to us. Many challenges still lie ahead, but our staff have already proven their resilience, and together we will prevail. Our core purpose and heart remain strong. As a trusted delivery partner of the Department for the Economy, we at Belfast Met stand ready to play our full part in supporting economic recovery through skills and education.

In closing, I wish to record my huge thanks to Belfast Met's Executive Leadership Team, staff, my fellow governors, Department for the Economy colleagues, business partners and, most importantly, our learners. Keep safe.

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

Frank Bryan
Chair of Governing Body



Principal and Chief Executive

Message

MESSAGE FROM PRINCIPAL AND CHIEF EXECUTIVE



On the 20th April 2020, I was delighted and privileged to take up the post of Principal and Chief Executive of Belfast Metropolitan College.

In the second half of the academic year, I've had insight into how important Belfast Met is to thousands of lives, families and businesses.

I have been inspired by the scale of Belfast Met's response to the Covid-19 crisis and the huge efforts that have gone into moving education and training online, continuing to support our current students, and encouraging new learners to apply to the College.

Protecting the welfare of students and staff has always been paramount to Belfast Met and although our buildings and campuses across the city closed in March, Belfast Met remained open for business. At no other time has the College had to, in such a short space of time, reconfigure the teaching and learning experience, in order to continue to reskill and upskill the current and the future workforce. We have helped thousands of students secure their qualifications to continue their journey into employment or further learning.

On the 9th June 2020, the Northern Ireland Assembly's Committee for the Economy had an opportunity to hear from the FE sector about our role in the NI economy and our response to Covid-19. I highlighted the crucial role we play in meeting the education and training needs of both learner and employers, particularly during these challenging times. Our dual role in promoting economic development and social inclusion is keenly felt. The challenges facing the further education sector before Covid-19 were significant, but are now more so. Others increasingly recognise our part in the economic recovery of the region how Further Education can mitigate the widening inequalities that Covid-19 has exposed.

Our mandate to provide skills opportunities for all resonates all the more strongly at this time when many face further change in their lives and livelihoods.

My first 6 months at Belfast Met have borne witness to the agility, ability and commitment of all staff in supporting learners at all levels and all ages and supporting employers and the self-employed in all sectors. I look forward to building on the relationships Belfast Met already has and to forging new ones over coming year as I build on the rich legacy of previous leaders of our great College.

A handwritten signature in black ink that reads "Louise Warde Hunter".

Louise Warde Hunter
Principal and Chief Executive



Strategic Report

2019-20

STRATEGIC REPORT 2019-20

NATURE, OBJECTIVES AND STRATEGIES

The Governing Body members present their report and the audited financial statements for the year ended 31 July 2020.

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.

The College has 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."

Due to the challenges presented this academic year, we have extended our existing Corporate Plan to 2021 to ensure continuity but also to enable us to focus on the immediate requirements of responding to the pandemic.

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:

- Completing a comprehensive review of our curriculum, we launched our new three-year Delivery Framework. This will ensure that all our programmes delivered meet a set of guiding principles i.e. relevant curriculum, progression focused, high performance outcomes, flexible, socially inclusive, financially sustainable and future proofed.
- Belfast Met is one of 13 partners involved with developing zero emissions ferries led by Artemis Tech Ltd. This partnership will create an initial 125 research and development jobs, lead to more than 1,000 in the region over the next 10 years and will revolutionise the future of maritime transport.
- Belfast Met is the lead training partner for the BIMcert (Business Information Modelling) digital construction project. In partnership with six European partners including the Construction Industry Training Board, we secured a £1.25 million Horizon 2020 grant to develop the training toolkit, the first FE College in the UK to win funding from the Horizon 2020.
- Belfast Met opened its state-of-the-art Aviation Suite in August 2019 on Castlereagh Campus, the only training facility of its kind on the island of Ireland for state-of-the-art Aviation Suite for our Ground Operations & Cabin Crew students.
- Belfast Met delivers a unique international employability skills enrichment programme for HE learners and staff in the areas of Social Work, Health and Social Care and Early Years education. The £250k Erasmus SLICE project supports 100 HE learners and staff to participate in international European work placements, an employability skills programme and opportunity to share comparative practice in Health and Care and Early Years policy and practice with European learners and educators. The first 20 HE learners completed a two week work placement in Germany in March 2020.
- We are continuing to lead two curriculum hubs for Hospitality and Tourism and Digital ICT.
- We delivered 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 in recent years.

Significant achievements:

- Belfast Met was awarded the Queen's Anniversary Prize in February 2020, a UK-wide award recognising excellence, innovation and public benefit in work carried out by UK colleges and

universities. The award is in recognition of Belfast Met's excellence in Further Education training in Information and Communications Technology ICT.

- Continuing to play a key role in the delivery of Belfast Region City Deal and leading on the Skills and Employment Proposition strategy within the Deal, aimed at creating 20,000 new jobs by 2030.
- Belfast Met leads for the sector in Inclusive Skills development and skills competitions for people with severe learning difficulties and disabilities. We have strong strategic partnerships and collaboration in this field. We annually organise and host the NI heats for WorldSkills UK Inclusive Skills providing industry relevant skills development for people with severe learning disabilities.
- Belfast Met Sport and Exercise Science student Stefanie McCluskey in the School for health, Wellbeing and Inclusion was crowned UK BTEC Student of the Year for Sport 2020 and was awarded a prestigious BTEC Gold Award in recognition of her outstanding achievement in BTEC Sport and Exercise Science level 3. The award was presented by Olympic Gold medallist Max Whitlock in June 2020
- Two Belfast Met lecturers in the School for Health, Wellbeing and Inclusion, Clare Corey and Richard Spiller, were awarded UK BTEC Tutor of the Year Silver Awards in recognition of outstanding teaching and learning which demonstrates excellence and provides innovative and exceptionally enriching experiences for learners, colleagues and their college.
- We became the new Educational Partner for Women in Business NI, to collaborate on growing a diverse new economy through inclusive growth.
- Our Journalism students have forged a working partnership with the prestigious Centre for Global Peace Journalism in the USA.
- Belfast Met is a UK finalist for a TES UK FE 'Specialist FE Provider of the Year' Award 2020. The award recognises excellence in special education curriculum provision within FE.

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. Investing in young people's tech talents, we launched a Data & Analytics Academy to upskill for future careers in this growing area.
- The Department for the Economy announced £1.7m in funding to deliver Skills Focus training to people impacted by Covid-19. Belfast Met provided courses in IT, Health and Social Care, Early Years, BIM, Leadership Management and Marketing.

- Skills Focus courses in Microsoft Office Essentials and Cisco Cyber Security were opened to private companies with less than 250 employees to help upskill staff from home during lockdown.

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:

- Through the ESF funded programmes - Skills for Industry and College Connect, 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.
- The NI Prison Service, Maghaberry launched its virtual learning programme with Belfast Met. Week one saw 82 men taking part in over 40 socially distant classes and we will continue to grow the programme as Learning & Skills is central to rehabilitation.
- Minister Long has welcomed the findings of two new reports on NI Prisons Hydebank Wood Secure College and Female Prison. Belfast Met has been involved from the start of this journey designing a public service model for prison Learning & Skills which is unique in the UK.
- Belfast Met's Supported Learning curriculum provision for people with severe and complex learning difficulties is recognised for its excellence and innovation. In the March 2020 ETI Inspection, it was awarded ETI Grade 1 Outstanding. Belfast Met is the only FE college awarded this grade for this special needs curriculum provision.
- Our ESOL team and all college and community partners continue to support those most in need throughout the pandemic. These classes have continued online during lockdown and the college has secured devices to assist learners through the Belfast Met charitable trust. The school is also engaged with the department on the development of a regional ESOL strategy for NI. Engagement of members of the school team in the development of an NI ESOL strategy will help bring focus on ESOL in terms of qualification equivalencies, this will further help break down some barriers to widening access for newcomer communities.
- The School for Health, Wellbeing and Inclusion's Childhood Studies and Health and Social Care centres deliver a bespoke vocational programme for local community organisations. This provides unemployed adults from disadvantaged communities with a clear progression pathway to industry relevant qualifications and skills leading to employment opportunity in the Early Years and Health and Social Care sectors.

Performance against College Development Plan (CDP)

Belfast Met, along with all FE Colleges, ensures that our key priorities are based on the need of the population and are aligned to the Programme for Government.

In August 2019, DfE approved Belfast Met's College Development Plan 2019-20, a copy of which can be found on the College website. 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 for the Economy monitors our progress against three CDP report cards:

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

A summary of performance against our three CDP report cards is set out in 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. As one of the largest and longest established further and higher education colleges in Northern Ireland, Belfast Met attracted 22,272 student enrolments and 12,998 unique learners in 2019-20.

In 2019-20 Belfast Met students achieved 14,781 qualifications.

How well did we do it?

Belfast Met has high levels of retention, achievement and success as illustrated below. For 2019-20, achievement and success rates have been impacted by Covid-19.

	2017-18	2018-19	2019-20 ¹
Retention rate (%)	91.29	91.97	92.85
Achievement rate (%)	87.88	87.79	87.50
Success rate (%)	80.23	80.74	81.24

Belfast Met aspires to maintain current levels of Retention, Achievement and Success however there are many social barriers to educational attainment. As we continue to engage with those furthest from the labour market e.g. offenders within the NIPS Programme, we may see a reduction in

¹ Updated from QLIKVIEW FELS TAB 19 November 2020

retention, achievement and success rates as assisting them to overcome complex social issues is complex and challenging.

Due to Covid-19 leading to the College campuses closing from 23 March 2020, the response rate to our Learner Satisfaction Survey running over this period was affected. Results for this years' survey are therefore not available for FE learners. The National Student Survey of HE final year students, which ran before the pandemic, showed that Belfast Met recorded 85% HE Student Satisfaction, ranking in the top 30% of UK HE providers for student satisfaction².

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.

Based on the 2016-17 FE Leavers Survey, 39.5% of our FE learners were in employment six months after completion of their course and 49.3% progressed to further learning. Findings of the 2017-18 FE Leavers Survey, published in October 2019, confirmed that 41.7% of Belfast Met leavers were in employment and 46.3% were in further learning.

The median annual salary for Belfast Met 2017-18 FE college leavers in employment was £18,000 - £20,999 (Male: £21,000 - £23,999; Female: £18,000 - £20,999).

Based on the Graduate Outcomes Survey 2020, 64% of our HE learners were in employment 15 months after graduation and 26% in employment/learning³ and further learning. Only 3% were unemployed compared to 5% for all UK HEIs.

The median Belfast Met salary for Belfast Met HE graduates 15 months after graduating is £18,000 - £20,999.

Report Card 2: BUSINESS

What did we do?

In 2019-20 year, we engaged with a large number of businesses through activity related to Traineeships, apprenticeships (including HLAs) and targeted business support programmes, delivering:

- Skills Focus: 213 enrolments across 36 courses from Level 2 – Level 7 supporting upskilling in 90 businesses.
- InnovateUS: 106 projects engaged of which 82 InnovateUs projects completed.
- Assured Skills: 11 Academies delivered with 216 enrolments.
- Delivering over 1,000 Apprenticeships and Higher level Apprenticeships.

How well did we do it?

² Ipsos Mori (2020). National Student Survey. Belfast Met results.

³ Note that graduates have the option of recording their status as in employment, in employment/learning and learning etc.

With the exception of InnovateUs, where targeted funding fell short (£294k v target of £320k), all other targets were met or exceeded.

Is anyone better off?

- Skills Focus: We have provided industry relevant up-skilling to businesses focused on priority sectors and tailoring our support to their needs and requirements including Leadership and Management (Levels 3, 5 & 7), Digital Skills (Cisco Cyber Opps, CompTIA Linux Plus, Microsoft MTA's).
- InnovateUs: 101 employees' upskilled to support innovation in their business. 81% of businesses stated that they developed a better approach and understanding of innovation.
- Assured Skills: Approximately 80% of the participants on Academies were offered jobs with the employer.

Report Card 3: SOCIAL INCLUSION

What did we do?

Belfast Met has a diverse range of learners with 40% of learners coming from the most deprived quintiles (1 and 2). 10% of learners were Black, Asian and Minority Ethnic students. 15% of learners declared a disability.

Key achievements in relation to Social inclusion for the 2019-20 year include:

- 643 SLDD enrolments, significantly exceeding the target of 437.
- Our NEETs programmes delivered 408 learners above the target of 368.
- 510 learners enrolled on Access qualifications, exceeding the target of 417.

How well did we do it?

Belfast Met's Achievement rate is similar to last year's rate, and we have improved upon our Retention and Success rates. This is despite the fact that there are many social barriers to educational attainment for many of our students. While we continue to engage with those furthest from the labour market, assisting them to overcome complex social issues remains challenging.

Is anyone better off?

In 2019-20, 40% our learners came from the top 20% most deprived areas in NI (Quintile 1 NMDM). Findings from the DfE Further Education Leavers survey for Belfast Met shows that the median salary for FE Leavers in employment from Quintiles 1 and 2 is £18,000 - £20,999, which is the median salary for all leavers from the College.

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:

- between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- 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 delivery of core programmes to those from more disadvantage backgrounds, activities related to college community outreach, and an inclusive curriculum and extension student support initiatives.

Disability Statement

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

Under the Disability Discrimination Act (DDA) 1995 Belfast Met as a public authority has a responsibility 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).

Actions carried out to meet these objectives include:

- The Centre for Supported Learning is the only dedicated curriculum centre in NI providing FE discrete provision for hundreds of young people and adults with moderate, severe and complex learning difficulties. It is highly effective in delivering, with commitment and passion, innovative, excellent and high-quality FE solutions from Entry level 1 to level 1 for supported learning students. The curriculum delivers personal and social development skills (empowering through independence, citizenship and life skills), through to employability skills and supporting entry into employment for people with severe learning difficulties.
- 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 are approximately 1,500 a year, from across a range of NI postcodes.

- The Inclusive Learning Team has been recognised externally and internally for the high standard of the service provided e.g. the team was awarded the Autism Impact Award 2018.
- Every curriculum department now has a dedicated Student Well-being Officer who liaises with Inclusive Learning to ensure that learners with disabilities are provided with appropriate levels of support.
- Students with a specific learning difficulty can access specialist support via Inclusive learning.
- Specialist training on a variety of disabilities is provided through the Centre for Excellence 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.

FINANCIAL POSITION

Financial Results

The Belfast Met Group generated an operating deficit in the year of £4.8m (2018-19 – deficit of £6m), stated after accounting for the disposal of property, plant and equipment.

The College group income for the year was £64m, an increase of £3.2m (5%) from 2018-19. This variance is explained by a net increase in DfE recurrent funding, £2.3m, Other Grant Income, £1.6m partly offset by a decrease in Other Operating income, £0.5m.

The College group expenditure for the year was £68.8m, an increase of £2.0m (3%) from 2018-19. This variance is explained mainly by increasing staff costs of £1m.

The College has significant reliance on the Department for the Economy (DfE) for its principal funding source, largely from recurrent grants. In 2019-20, DfE provided 58% of the College's total income through allocated recurrent grant (2018-19 56%). This represented 24.7% of the total recurrent grant available to the sector.

The significant reduction in net assets from 31 July 2019 is primarily the result of the increased Statement of Financial Position sheet deficit of the NILGOSC pension.

The pension's deficit on the Statement of Financial Position is measured as the assets held by the Fund less the value of the promised benefits to be paid to members (the defined benefit obligation, or 'liability'). Both assets and liabilities are those relating to the College's membership. The value of assets and liabilities can change significantly over an accounting period resulting in a highly volatile balance sheet position.

On the asset side, investment returns over the 2019-20 year have been volatile, with negative returns on almost all asset classes during March 2020 followed by positive returns over the quarter to 30 June 2020. UK equities have performed poorly over the year (returning around -15% to -20%), but the returns on both highly rated corporate and government bonds have returned positively (up to +15% in the case of UK fixed interest gilts and AA rated corporate bonds). On the liability side, the main factor impacting liability values is the assumptions used at the reporting date. The key assumptions made are the rate of future inflation (impacting how benefits will increase in the future), and the amount by which future payments are 'discounted' to calculate a value in today's terms at the reporting date (the 'discount rate'). The discount rate must be set equal to the yield on high quality corporate bonds of the same term and currency as the future cash flows.

A lower assumption for CPI inflation results in lower expected future payments to beneficiaries and a lower liability. Conversely, a lower discount rate results in a higher value being placed on future payments in today's terms. The opposite applies in both cases.

Liabilities are sensitive to both the CPI and discount rate assumptions to a similar degree, so if both assumptions move in the same direction (such as an increase in both discount rate and CPI inflation by 0.1% p.a.) the overall impact on the balance sheet can be small. If the assumptions move in different directions the impact can be significant. It is the change in the 'real' discount rate (the difference between the discount rate and the CPI inflation assumptions) that is most important.

The discount rate, used by the College's actuaries (AON), has reduced by 0.8%, whilst the CPI inflation assumption has increased by 0.10%. This has resulted in the significant deterioration in the pension liability reported at 31 July 2020

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 £250k in the year (2018-19 surplus £112k).

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 £33k in the year (2018-19 decrease of £4k).

Both subsidiary company accounts were audited and received an unqualified audit opinion for the year-end 31 July 2020.

Financial Resources

The consolidated net assets at 31 July 2020 were £8.5m (2018-19 £31m). This includes £44m pension liability (2018-19 £21.4m), and a debtor of £0.7m on PFI prepayments (2018-19 £0.8m). The reduction in Net Current Assets is largely due to an increase of c£23m in pension liability arising from the latest Actuarial report. This valuation reflects the impact of Covid-19 on the markets. Land and Property Services value the land and buildings of BMC and have also advised that the outbreak of the novel Coronavirus (Covid-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. As a consequence LPS have reported that as at the valuation date, they consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The valuation of the college estate is reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to them than would normally be the case.

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 2019 to 31 July 2020, the college paid 96.2% of its invoices within 30 days (2018-19 96%) 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 2019 to 31 July 2020, the college paid 80.4% of its invoices within 10 days. (2018-19 80%).

Post Statement of Financial Position events

No post Statement of Financial Position 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



Louise Warde Hunter
Accounting Officer

Date 9 December 2020

Members of the Governing Body

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

Name	Date of Appointment Re- appointment Extension	Term of Office	Status of Appointment ⁴	Committees Served	Governing Body Attendance
F Bryan (Chair)	A 26/10/15 R26/10/19	25/10/19 25/10/23	BIP	None	6/6
C Burns MBE	A 01/08/15 R 01/08/19	31/07/19 31/07/23	BIP	CQE, HR	5/6
K Burns	A 01/08/15 R 01/08/19	31/07/19 31/07/23	BIP	CQE, RES	6/6
K Collins	A 01/08/15 R 01/08/19	31/07/19 31/07/23	BIP	ARC	6/6
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	4/6
G Doran	A 30/05/18	29/05/22	Staff elected		4/6
W Gillies	A 01/08/11 R 01/08/15 E 01/08/19 E 01/05/20	31/07/15 31/07/19 30/04/20 31/01/21	BIP	RES	5/6
J Campbell	A 20/10/19	30/09/20	Student elected	CQE, RES	5/5
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 E 01/05/20	31/07/15 31/07/19 30/04/20 31/01/21	BIP	RES	5/6
K O'Hare	A 01/08/15 R 01/08/19	31/07/19 31/07/23	BIP	CQE, RES	6/6
S Snodden	A 09/12/15 R 05/09/19	8/12/19 15/09/23	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				3/4
L Warde Hunter	L Warde Hunter by virtue of office of Principal and Chief Executive is a member of the Governing Body				2/2

For and on behalf of the members of the Governing Body



Frank Bryan
Chair of Governing Body

Date 9 December 2020

⁴ BIP stands for Business, Industry and Professional



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 1 January 2016. There are no arrangements in place for the payment of a bonus. No member of the Governing Body, including the Chairperson, receives pension contribution from the College or the Department.

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

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

	2019-20				2018-19			
	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	0-5	0	0	0-5
Kate Burns	5-10	0	0	5-10	0-5	0	0	0-5
Kay Collins	0-5	0	0	0-5	0-5	0	0	0-5
Jim McCall	0-5	0	0	0-5	0-5	0	0	0-5
Kathleen O'Hare	0-5	0	0	0-5	5-10	0	0	5-10
Wendy Gillies	0-5	0	0	0-5	0-5	0	0	0-5
Samuel Snodden	5-10	0	0	5-10	0-5	0	0	0-5
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 ¹	0	0	0	0	0-5	0	0	0-5
James Campbell	0-5	0	0	0-5	0	0	0	0
John McGrillen	0	0	0	0	0	0	0	0

¹ Term finished 31 July 2019

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	2019-20				2018-19			
	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) ¹	95-100 (FTE 120- 125)	0	0	95-100	120- 125	0	0	120-125
L Warde Hunter (Chief Executive) ²	30-35 (FTE 120- 125)	0	5-10	35-40	0	0	0	0
E Hartin (Director of Corporate services)	95-100	0	20-25	120-125	85-90	0	15-20	100-105
D Duffy (Director of Development) ³	95-100	0	30-35	130-135	85-90	0	25-30	110-115
J Heggarty (Director of Curriculum)	95-100	0	40-45	135-140	85-90	0	25-30	110-115
G Magee (Director of People Policy & Planning)	90-95	0	50-55	145-150	80-85	0	35-40	115-120

¹ MT McGivern left the college on 31 March 2020

² L Warde Hunter took up the post of Principal and Chief Executive on 20 April 2020

³ D Duffy was interim Principal and Chief Executive between 1 and 19 April 2020

**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)

	2019-20	2018-19
Band of highest paid Director's total remuneration	£120k-£125k	£120k-£125k
Median total remuneration	£33,460	£33,752
Ratio	3.61	3.59

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 31/7/20 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/7/20	CETV at 31/7/19	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
MT McGivern (Chief Executive)	55-60 plus lump sum of 0	0 plus lump sum of 0	1,066	1,681	-615 to -610
L Warde Hunter (Chief Executive)	20-25 plus lump sum of 0	0 plus lump sum of 0	10	N/A	5-10
E Hartin (Director of Corporate Services)	10-15 plus lump sum of 0	0-5 plus lump sum of 0	169	145	20-25
D Duffy (Director of Development)	10-15 plus lump sum of 0	0-5 plus lump sum of 0	202	169	30-35
J Heggarty (Director of Curriculum)	20-25 plus lump sum of 35-40	0-5 plus lump sum of 0-5	352	307	40-45
G Magee (Director of People, Policy & Planning)	20-25 plus lump sum of 15-20	0-5 plus lump sum of 0-5	310	263	30-35

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 build up at the rate of 1/80th (pension) and 3/80ths (tax free lump sum) of pensionable pay for each year of membership up to 31 March 2009. At retirement, members may give up some pension for additional lump sum, subject to HM Revenue and Customs

(HMRC) limits. The Scheme is funded by contributions made by both employees and employers. See detail of contributions at www.nilgosc.org.uk.

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

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

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

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual

has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NILGOSC pension arrangements and for which the Fund has received a transfer payment commensurate with the additional pension liabilities being assumed. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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



Governing Body

BELFAST METROPOLITAN COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE ACCOUNTING OFFICER AND GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2020

Under the Further Education (NI) Order 1997, DfE (with approval from DoF), has directed the Governing Body to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction.

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

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

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

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

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

The Accounting Officer of DfE has designated the Principal/Chief Executive as the Accounting Officer of the College. The responsibilities as an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the college's assets, are set out in Managing Public Money Northern Ireland (MPMNI) published by DoF.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2020

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 2019-20 financial year and up to the date of approval of the Annual Report and Accounts. This Governance Statement has been prepared in accordance with guidance issued by the Department of Finance (DoF) and is aimed at supporting better governance and driving more consistent, coherent and transparent reporting.

Summary of the College's Structure of Corporate Governance

Governing Body

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

The College's Governing Body is comprised of members appointed by the Minister for the Department for the Economy, staff and students of the College, the Principal & Chief Executive and people co-opted by the Governing Body. The role of the Chairman of the Governing Body is separate from the role of the College Principal & Chief Executive. The Governing Body is responsible for the on-going strategic direction of the College whilst the Executive Officers are responsible for the operational management of the College. The Governing Body approves all major developments and receives regular reports on the activities of the College. The Governing Body met six times during the 2019-20 academic year.

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

to provide more detail in advance of the meeting to support discussions. This ensures a high quality of reliable and up to date information is presented. The Governing Body is content with the quality and reliability of the information presented in 2019-20.

Governing Body performance and effectiveness

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

- Attending a range of internal and external training events, workshops and strategic planning days; and
- Regularly evaluating the effectiveness of the meetings of the Governing Body and its Committee.
- Undertaking a Governing Body self-assessment e.g. as per Dec 2019 minutes: GB self-assessment 2018-19: the Chair noted the high level of performance of the GB.

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

Audit and Risk 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 2019-20 year to discuss reports from the External and Internal Auditors and the relevant management responses. It reviewed the annual financial statements to ensure compliance with legislation and accounting standards.

The key issues discussed during the 2019-20 year were as follows:

- Internal Audit planning;
- Internal Audit reports including reviews as detailed below;
- NIAO matters including NIAO strategy and audit planning, Report To Those Charged with Governance (RTTCWG), and year end accounts;
- Risk management and opportunity;
- Follow up on outstanding recommendations from all sources;
- Compliance issues such as Direct Award contracts, Fraud, losses, and special payments, Whistleblowing notifications, Gifts and Hospitality notifications;
- DoF and DfE and other third party correspondence including updated Audit Code, Health Checks, circulars and DAO letters;
- Stewardship Statement; and
- A&R Committee effectiveness evaluation.

The Internal Audit Annual report 2019-20 published in June 2020 resulted in the College achieving an overall rating of a 'Satisfactory' assurance. "Satisfactory" is the highest level of audit opinion as defined in Accounting Officer letter DAO (DoF) 07/16.

Progress against plan 2019-20	Report Delivered	Assurance Rating
Fixed Assets	November 2019	Satisfactory
Procurement and Use of Business Cases	November 2019	Satisfactory
Management of Contracts (Quality Management)	December 2019	Satisfactory
Risk Management	March 2020	Satisfactory
Corporate governance	March 2020	Satisfactory
Student Wellbeing Service	April 2020	Satisfactory
Management Information and Reporting	April 2020	Satisfactory

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 Head of 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 2019-20, key issues discussed during the year were as follows:

- College Annual Accounts;
- Review of analysis on college 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 2019-20, 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 2019-20, 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	5/6		4/5	4/4	
Kate Burns	6/6		5/5		5/5
Kay Collins	6/6	4/4			
Declan Crummey	6/6		4/5		3/5
Seamus Dawson	4/6		4/5		4/5
Gavin Doran	4/6		3/3		2/2
Wendy Gillies	5/6				3/5
James Campbell	5/5		4/4		3/3
Jim McCall	4/6	3/4		4/4	
John McGrillen	5/6				2/5
Kathleen O'Hare	6/6		5/5		5/5
Samuel Snodden	5/6	4/4		4/4	
Maureen Walkingshaw	6/6	2/4		4/4	
Brian Wilson	6/6		5/5	4/4	
Marie Therese McGivern	3/4	1/3			
Louise Warde Hunter	2/2	1/1	3/3	2/2	2/2

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

During 2019-20, 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 2020 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. No priority one recommendations were made by audit during the year ended 31 July 2020 and all recommendations made were accepted and have been actioned or are in the process of being actioned.

Personal data related incidents

Our Data Breach register shows that 14 data breaches occurred within the College between 1 August 2019 and 31 July 2020, of which 11 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 2020. This register contained 17 corporate risks that may prevent the College from achieving the aims and objectives set out in the Corporate Plan. Where possible the risks are eliminated, but where this is not possible, actions are taken to ensure these risks are controlled and the likelihood of them being realised are reduced as far as is reasonably practical. The risks which have been classified as very high are:

- Failure to meet the agreed targets in relation to planned curriculum provision.
- The College does not meet the expected standards of quality and performance measurement.
- Non availability of sector support infrastructure and systems e.g. NICIS and STS.
- Non - compliance with H&S policies, procedures and statutory requirements.
- The College does not have an appropriate mix of suitability skilled staff and delivery models to support delivery of the Corporate Plan.

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.



Louise Warde Hunter

9 December 2020

Accounting Officer



Financial Statements

BELFAST METROPOLITAN COLLEGE**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL
TO THE NORTHERN IRELAND ASSEMBLY****Opinion on financial statements**

I certify that I have audited the financial statements of the Belfast Metropolitan College for the year ended 31 July 2020 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, Statement of Financial Position, Consolidated 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 Belfast Metropolitan College's affairs as at 31 July 2020 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 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.

Conclusions relating to going concern

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

- the Belfast Metropolitan College's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Belfast Metropolitan College has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Belfast Metropolitan College's ability to continue to adopt the going concern basis.

Other Information

The Accounting Officer and Governing Body are 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 parts of the Remuneration Report described in the report as having been audited and my audit certificate and report 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 Accounting Officer and Governing Body

As explained more fully in the Statement of Responsibilities of the Accounting Officer and Governing Body, the Accounting Officer and Governing Body are responsible for the preparation of the financial statements 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 examine, certify and report on the financial statements in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008.

My objectives are 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 the Department of Finance's guidance.

Report

I have no observations to make on these financial statements.



KJ Donnelly

Comptroller and Auditor General

Northern Ireland Audit Office

106 University Street

Belfast

BT7 1EU

16 December 2020

BELFAST METROPOLITAN COLLEGE
CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £'000	2019 £'000
INCOME			
Department for the Economy income	1	49,603	47,332
Education contracts	2	751	780
Tuition fees and charges	3	8,689	8,836
Other grant income	4	3,711	2,107
Other operating income	5	1,171	1,698
Investment income	6	0	12
Total income		63,925	60,765
EXPENDITURE			
Staff costs	7	40,812	39,776
Other operating expenses	9	22,822	22,575
Depreciation	12	4,328	4,147
Interest and other finance costs	10	444	315
Holiday pay provision	26	399	0
Total expenditure		68,805	66,813
Surplus/(deficit) before other gains/losses		(4,880)	(6,048)
Gain/(loss) on disposal of assets		38	0
(Loss)/gain on investments		0	0
Surplus/(deficit) before tax		(4,842)	(6,048)
Taxation		0	0
Surplus/(deficit) for the year		(4,842)	(6,048)
Other Comprehensive Income			
Unrealised surplus on revaluation of land and buildings		2,052	5,337
Actuarial (loss)/gain in respect of pension scheme		(19,679)	(6,022)
Change in fair value of endowments		0	(4)
Total comprehensive income for the year		(22,469)	(6,737)
Represented by:			
Endowment comprehensive income for the year		0	0
Restricted comprehensive income for the year		0	0
Unrestricted comprehensive income for the year		(22,469)	(6,737)

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 2020

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 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	0	0	25	(25)	0	0	0
Transfer due to endowment asset investment	(4)	0	0	0	0	0	(4)
Balance at 1 August 2019	208	0	(23,949)	54,703	0	0	30,962
Surplus/(deficit) from income and expenditure statement	0	0	(4,842)	0	0	0	(4,842)
Other comprehensive income	0	0	(19,679)	2,052	0	0	(17,627)
Transfers between revaluation and income and expenditure	0	0	0	0	0	0	0
Transfer due to endowment asset investment	(33)	0	33	0	0	0	0
Total comprehensive income for the year	(33)	0	(24,488)	2,052	0	0	(22,469)
Balance at 31 July 2020	175	0	(48,437)	56,755	0	0	8,493

BELFAST METROPOLITAN COLLEGE
COLLEGE STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 JULY 2020

2019-20

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 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
Balance at 1 August 2019	0	0	(24,260)	53,057	0	0	28,797
Surplus/(deficit) from income and expenditure statement	0	0	(5,061)	0	0	0	(5,061)
Other comprehensive income	0	0	(19,679)	2,209	0	0	(17,470)
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	(24,740)	2,209	0	0	(22,531)
Balance at 31 July 2020	0	0	(49,000)	55,266	0	0	6,266

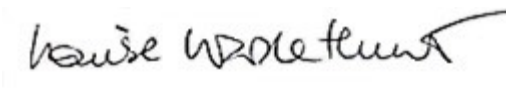
BELFAST METROPOLITAN COLLEGE
STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2020

	Notes	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Non Current Assets					
Property, Plant and Equipment	12	112,380	109,925	112,961	110,556
Intangible assets	13	407	407	341	341
Endowment assets	20	175	0	208	0
		112,962	110,332	113,510	110,897
Current assets					
Trade and other receivables	17	3,524	3,533	4,429	4,504
Cash and cash equivalents	21	5,666	5,664	4,043	3,983
Total current assets		9,190	9,197	8,472	8,487
Less: Creditors – amounts falling due within one year	18	15,543	15,526	13,373	13,337
Net current (liabilities)/ assets		(6,353)	(6,329)	(4,901)	(4,850)
Total assets less current liabilities		106,609	104,003	108,609	106,047
Less: Creditors – amounts falling due after more than one year	19	53,627	53,248	56,278	55,881
Provisions:					
Pension provisions	22	44,090	44,090	21,369	21,369
Other provisions	26	399	399	0	0
Net assets including pension liability		8,493	6,266	30,962	28,797
Restricted Reserves					
Income and expenditure account –restricted reserve		0	0	0	0
Unrestricted Reserves					
Income and expenditure – unrestricted reserves		(48,437)	(49,000)	(23,949)	(24,260)
Endowment reserves	20	175	0	208	0
Revaluation reserve		56,755	55,266	54,703	53,057
Total reserves		8,493	6,266	30,962	28,797
Total		8,493	6,266	30,962	28,797

The financial statements on pages 45 to 50 were approved by the Governing Body of Belfast Metropolitan College on 9 December and were signed on its behalf on that date by:



Frank Bryan
Chair of governing body
Belfast Metropolitan College



Louise Warde Hunter
Accounting Officer
Belfast Metropolitan College

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

**BELFAST METROPOLITAN COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2020**

	Notes	2020 £'000	2019 £'000
Cash inflow/(outflow) from operating activities			
Deficit for the year		(4,842)	(6,048)
Adjustment for non-cash items			
Depreciation	12	4,328	4,147
Deferred capital grant released to income	1	(1,626)	(1,432)
Decrease/(increase) in receivables	17	905	(604)
Increase/(decrease) in creditors	18	1,695	2,384
Increase/(decrease) in pension provision	22	3,042	3,029
Increase/(decrease) in other provisions		399	0
Adjustment for investing or financing activities		0	0
Investment income	6	0	(12)
Profit on sale of property, plant and equipment		(38)	0
Net cash inflow from operating activities		3,863	1,464
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		38	25
Proceeds from sales of intangible assets		0	0
Deferred capital grants received		841	1,004
Investment income	6	0	12
Payments made to acquire property, plant and equipment		(870)	(929)
Payments made to acquire intangible assets		0	0
New non-current asset investments		0	0
Movement in endowment reserve	20	33	4
Net cash (outflow)/inflow from investing activities		42	116
Cash inflows from financing activities			
Capital and interest elements of PFI lease rental payments		(2,282)	(2,178)
Interest paid		0	0
Net cash (outflow) from financing activities		(2,282)	(2,178)
Increase/(Decrease) in cash and cash equivalents in the year			
Net funds at 1 August		4,043	4,641
Net funds at 31 July		5,666	4,043

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

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

BELFAST METROPOLITAN COLLEGE
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION
TECHNIQUES
FOR THE YEAR ENDED 31 JULY 2020

Statement of Accounting Policies

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

Basis of preparation

These financial statements have been prepared on the going concern basis in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standards (FRS 102). The college [and group] is a public benefit entity and has therefore applied the relevant public benefit entity requirements of FRS 102.

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

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

Basis of accounting

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

Going concern

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

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

Basis of consolidation

The consolidated financial statements include the college and its subsidiaries, Springvale Educational Village Limited (SEV Ltd) and Belfast Metropolitan College Trust. Intra-group balances are eliminated on consolidation. All financial statements are made up to 31 July 2020.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (continued)

Recognition of Income

Government Grants [accruals model]

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

Tuition Fees

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

Non-government Grants

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

Interest

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

Capital Grants (non land grants) [accruals model]

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

Other Capital Grants

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

Donations and Endowments

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

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (continued)

Pension scheme

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

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

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

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

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

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (continued)

Property, Plant and Equipment

- **Land and buildings**

Land and buildings are stated in the Statement of Financial Position at valuation on the basis of depreciated replacement cost, as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Land and buildings acquired since the last valuation are included in the Statement of Financial Position at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the college of 50 years. Where land and buildings are acquired with the aid of specific grants, these are accounted for in accordance with the revenue recognition policies above. Valuations are obtained on a regular basis, with a full professional valuation being undertaken by Land and Property Services (LPS) every five years, with revaluation using indices provided by LPS in intervening years and an interim valuation being carried out after 3 years. Revaluation is based on an interim valuation provided by LPS as at 31 July 2020.

- **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 2020. They are not depreciated until they are brought into use.

- **Assets other than land and buildings**

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

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

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

Private Finance Initiative

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

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

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (continued)

Leased Assets

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

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

Intangible Assets

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

Foreign currency translation

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

Taxation

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

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

Liquid resources

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

Provisions

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

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

	2020 £'000	2019 £'000
Grant In Aid Received from DfE		
Recurrent grant	36,835	34,340
Release of deferred capital grants	1,626	1,432
Additional Support funds	529	573
Students with Learning Difficulties and/or Disabilities (SLDD)	461	486
Innovation Fund	227	215
Private Finance Initiative (PFI)/ Public Private Partnership (PPP)	6,596	6,581
Skills Focus	0	0
Other	346	357
Grant In Aid Items	<u>46,620</u>	<u>43,984</u>
Non-Grant in Aid received from DfE		
Education Maintenance Allowance administration	16	27
Assured Skills	703	907
Youth Training	1,221	1,243
Higher Level Apprenticeships	332	558
Level 3 Apprenticeships	711	613
Other	0	0
Non-grant in aid items	<u>2,983</u>	<u>3,348</u>
Total DfE income	<u>49,603</u>	<u>47,332</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:

	2020 £'000	2019 £'000
Innovation Fund	<u>227</u>	<u>215</u>
Net income	<u>227</u>	<u>215</u>

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

	2020 £'000	2019 £'000
Entitlement Framework	177	226
Training for Success	574	554
Total	751	780

3. TUITION FEES AND CHARGES

	2020 £'000	2019 £'000
Higher Education (HE) income	4,561	4,595
Home and other European Union	4,060	4,215
Non-European Union	68	26
Total	8,689	8,836

Tuition fees funded by bursaries

Included within the above amounts are amounts which fund bursaries of £16,631 (2019: £28,086).

4. OTHER GRANT INCOME

	2020 £'000	2019 £'000
European funds	3,462	1,922
Other funds	249	185
Total	3,711	2,107

5. OTHER OPERATING INCOME

	2020 £'000	2019 £'000
Catering and residence operations	34	322
Other income generating activities	686	1,100
Other income	451	276
Total	1,171	1,698

6. INVESTMENT INCOME

	2020 £'000	2019 £'000
Other investment income	0	12
Other interest receivable	0	0
Total	0	12

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:

	2020	2019
	No.	No.
Governing body	0	0
Teaching	388	400
Support	151	145
Administration	249	252
Premises	<u>33</u>	<u>31</u>
Total	<u>821</u>	<u>828</u>

Staff costs for the above persons

	2020	2019
	£'000	£'000
Governing body	58	61
Teaching	19,166	18,653
Support	5,273	5,247
Administration	12,298	11,779
FRS 102 adjustment (see note 22)	2,598	2,714
Premises	<u>1,419</u>	<u>1,322</u>
Total	<u>40,812</u>	<u>39,776</u>
Wages and salaries	29,811	29,684
Social security costs	2,510	2,461
Movement in pension	0	0
Other pension costs	<u>8,491</u>	<u>7,631</u>
Total	<u>40,812</u>	<u>39,776</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	
	2020	2019	2020	2019
	No.	No.	No.	No.
£60,001 to £70,000	0	0	14	18
£70,001 to £80,000	0	0	16	7
£80,001 to £90,000	1	0	0	0
£90,001 to £100,000	1	1	0	0
£100,001 to £110,000	1	3	0	0
£110,001 to £120,000	1	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
	5	5	30	25

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.

	2020	2019
	No.	No.
The number of senior post-holders including the Principal was:	5	5

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

	2020	2019
	£'000	£'000
Salaries	589	462
Pension contributions	111	68
Total emoluments	700	530

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

	2020	2019
	£'000	£'000
Salaries	130	121
Pension contributions	6	0
Total	136	121

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

	2020 £'000	2019 £'000
Direct Teaching	613	952
Direct Support	3,931	4,489
Administration	5,151	3,641
Consultancy Fees	187	214
Premises	4,517	5,082
Unitary payments under PFI contract	5,405	5,038
Interest element of finance lease	<u>3,018</u>	<u>3,159</u>
Total	<u>22,822</u>	<u>22,575</u>

Other operating expenses include:

	2020 £'000	2019 £'000
Auditors' remuneration:		
Financial statements audit (includes £26,250 in respect of the college – 2018-19 £24,250)	26	24
Internal audit (includes £17,867 in respect of the college – 2018-19 £24,318)	18	24
Hire of plant and machinery – operating leases	245	262

10. INTEREST AND OTHER FINANCE COSTS

	2020 £'000	2019 £'000
On bank loans, overdrafts and other loans	<u>0</u>	<u>0</u>
	0	0
On finance leases	0	0
Net charge on pension scheme	<u>444</u>	<u>315</u>
Total	<u>444</u>	<u>315</u>

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 2019-20.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land & buildings £'000	PFI £'000	Plant & equipm't £'000	Computers £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation							
At 1 August 2019	35,868	80,589	5,742	4,465	259	248	127,171
Additions	0	604	472	381	17	0	1,474
Impairment	207	0	0	0	0	0	207
Surplus/(deficit) on revaluation	(3,670)	(3,444)	0	0	0	0	(7,114)
Disposals	0	0	(474)	0	0	0	(474)
At 31 July 2020	32,405	77,749	5,740	4,846	276	248	121,264
Depreciation							
At 1 August 2019	1,430	4,501	3,840	4,057	151	231	14,210
Charge for the year	801	2,448	802	242	30	5	4,328
Revaluation	(2,217)	(6,949)	0	0	0	0	(9,166)
Impairment	(14)	0	0	0	0	0	(14)
Elimination in respect of disposals	0	0	(474)	0	0	0	(474)
At 31 July 2020	0	0	4,168	4,299	181	236	8,884
Net book value at 31 July 2020	32,405	77,749	1,572	547	95	12	112,380
Net book value at 31 July 2019	34,438	76,088	1,902	408	108	17	112,961

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. PROPERTY, PLANT AND EQUIPMENT

College	Freehold land & buildings £'000	PFI* £'000	Plant & equipm't £'000	Computers £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation							
At 1 August 2019	33,463	80,590	5,594	4,465	259	248	124,619
Additions	0	604	472	381	17	0	1,474
Surplus/(deficit) on revaluation	(3,513)	(3,444)	0	0	0	0	(6,957)
Disposals	0	0	(474)	0	0	0	(474)
At 31 July 2020	29,950	77,750	5,592	4,846	276	248	118,662
Depreciation							
At 1 August 2019	1,431	4,501	3,692	4,057	151	231	14,063
Charge for the year	786	2,448	803	242	30	5	4,314
Revaluation	(2,217)	(6,949)	0	0	0	0	(9,166)
Impairment	0	0	0	0	0	0	0
Elimination in respect of disposals	0	0	(474)	0	0	0	(474)
At 31 July 2020	0	0	4,021	4,299	181	236	8,737
Net book value at 31 July 2020	29,950	77,750	1,571	547	95	12	109,925
Net book value at 31 July 2019	32,032	76,089	1,902	408	108	17	110,556

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(LPS). Subsequently that revaluation was updated using an interim valuation supplied by the Land and Property Service to provide valuations as at 31 July 2020.

LPS have advised that the outbreak of the novel Coronavirus (Covid-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. As a consequence LPS have reported that as at the valuation date, they consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The valuation of the college estate is reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to them than would normally be the case.

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. PROPERTY, PLANT AND EQUIPMENT**

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

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

The net book value of property, plant and equipment includes an amount of £77,750k (2019: £76,089) in respect of assets held under finance leases.

	2020	2019
	£'000	£'000
The depreciation charge for the year is analysed as follows:		
Owned assets	1,866	1,816
Assets held under finance leases and hire purchase arrangements	2,448	2,331

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

	Asset Under Construction	TOTAL
	£'000	£'000
Cost or valuation		
At 1 August 2019	341	341
Additions	66	66
Disposals	<u>0</u>	<u>0</u>
At 31 July 2020	<u>407</u>	<u>407</u>
Depreciation		
At 1 August 2019	0	0
Charge for the year	0	0
Elimination in respect of disposals	<u>0</u>	<u>0</u>
At 31 July 2020	<u>0</u>	<u>0</u>
Net book value at 31 July 2020	<u>407</u>	<u>407</u>
Net book value at 31 July 2019	<u>341</u>	<u>341</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 £407k. 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 and it expected to be completed by March 2021.

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

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

Movement in service concession arrangement assets

The asset value of the service concession included in the Statement of Financial Position as at 31 July 2020 is £77,750k (2019:£76,089k). The increase of £1,661k is due to depreciation being offset by additions and revaluation.

Movement in service concession liabilities

The total liabilities relating to the service concession included in the Statement of Financial Position as at 31 July 2020 were £30,610k (2018: £32,287k). The sum of £1,677k 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	2,040	7,730	20,840	30,610
Finance charge	2,866	10,062	11,236	24,164
Service charge	0	0	0	0
	4,906	17,792	32,076	54,774

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
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables	382	366	1,309	1,287
Amounts owed by group undertakings:				
Subsidiary undertakings	0	25	0	99
Advance payments in respect of PFI contracts	724	724	827	827
Amounts due from Department	0	0	356	356
Prepayments and accrued income	<u>2,418</u>	<u>2,418</u>	<u>1,937</u>	<u>1,935</u>
Total receivables	<u>3,524</u>	<u>3,533</u>	<u>4,429</u>	<u>4,504</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)**18. CREDITORS: AMOUNTS FALLING DUE IN LESS THAN ONE YEAR**

	Group	College	Group	College
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Service concession arrangements	2,040	2,040	1,678	1,678
Payments received in advance	5,468	5,466	5,493	5,483
Trade payables	2	2	97	92
Amounts owed to group undertakings:				
Subsidiary undertakings	0	0	0	0
Taxation and social security	1,334	1,342	1,306	1,303
Accruals and deferred income	6,506	6,483	4,631	4,613
Other payables	3	3	15	15
Amounts owed to the Department	190	190	153	153
Total	<u>15,543</u>	<u>15,526</u>	<u>13,373</u>	<u>13,337</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
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Donations	0	0	0	0
Grant income	1,448	1,440	1,343	1,336
Other income	0	0	0	0
	<u>1,448</u>	<u>1,440</u>	<u>1,343</u>	<u>1,336</u>

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

	Group	College	Group	College
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Deferred income	25,057	24,678	25,668	25,271
Service concession liabilities due after one year	<u>28,570</u>	<u>28,570</u>	<u>30,610</u>	<u>30,610</u>
Total creditors after one year	<u>53,627</u>	<u>53,248</u>	<u>56,278</u>	<u>55,881</u>

20. ENDOWMENT RESERVES

	Restricted permanent	Unrestricted permanent	Expendable endowments	2020 Total	2019 Total
	£'000	£'000	£'000	£'000	£'000
At 1 August	0	208	0	208	212
Capital					
Accumulated income	<u>0</u>	<u>208</u>	<u>0</u>	<u>208</u>	<u>212</u>
New endowments	0	0	0	0	0
Income for year	0	2	0	2	6
Expenditure for year	0	(34)	0	(34)	(18)
(Decrease)/increase in market value of investments	0	(1)	0	(1)	8
At 31 July	<u>0</u>	<u>175</u>	<u>0</u>	<u>175</u>	<u>208</u>

21. CASH AND CASH EQUIVALENTS

	As 1 August 2019	Cash Flows	At 31 July 2020
	£'000	£'000	£'000
Cash and Cash equivalents at 31 July	<u>4,043</u>	<u>1,623</u>	<u>5,666</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

	2020	2019
	£'000	£'000
NITPS: contributions paid	3,633	2,901
NILGOSC: contributions paid	2,234	1,994
NILGOSC: FRS 102 (28) adjustments	2,598	2,714
NEST: contributions paid	26	22
Charge to the Consolidated Statement of Comprehensive Income (staff costs)	8,491	7,631
Enhanced pension charge to the Consolidated Statement of Comprehensive Income (staff costs)	0	0
Total pension cost for the year	8,491	7,631

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

NITPS

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

From 1 April 2019 the bands changed to those below:

Salary	Member contribution rate
Up to £27,697.99	7.4%
£27,698 to £37,284.99	8.6%
£37,285 to £44,208.99	9.6%
£44,209 to £58,590.99	10.2%
£58,591 to £79,895.99	11.3%
£79,896 and above	11.7%

The salary bands have been increased again from 1 April 2020. The NITPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme, and therefore, as required by FRS 102 (28), accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period. The college has set out above the information available on the scheme and the implications for the college in terms of the anticipated contribution rates.

NILGOSC

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2020 by a qualified actuary.

Principal actuarial assumptions

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

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries	3.8%	3.7%
Rate of increase for pensions in payment/inflation	2.3%	2.2%
Discount rate for scheme liabilities	1.4%	2.2%
Inflation assumption (CPI)	2.3%	2.2%
RPI assumption	2.9%	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 2020	At 31 July 2019
<i>Retiring today</i>		
Males	21.8	22.3
Females	25.0	24.6
<i>Retiring in 20 years</i>		
Males	23.2	24
Females	26.4	26.4

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 2020	Value at 31 July 2020 £'000	Long-term rate of return expected at 31 July 2019	Value at 31 July 2019 £'000
Equities	42.7%	33,097	40.2%	29,926
Bonds	38.7%	29,996	40.9%	30,448
Property	9.3%	7,209	10.8%	8,040
Cash and other	9.3%	7,209	8.1%	6,030
Total		77,511		74,444

Amounts recognised in the Statement of Financial Position

	2020 £'000	2019 £'000
Scheme assets	77,511	74,444
Scheme liabilities	(121,601)	(95,813)
Deficit in the scheme (net pension liability recorded within pension provisions)	(44,090)	(21,369)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2018-19 Past Service Cost

For the year ended 31st July 2019 the actuarial report advised 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, 2018-19)

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.

The final decision on the McCloud judgement has yet to be agreed and the outcome may have an impact on Members affected by the Transitional Protection Policy. Therefore the constructive obligation is still considered to be required as at 31 July 2020.

Guaranteed Minimum Pension Indexation and Equalisation (Past Service Cost £188k, 2018-19)

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 had not been recognised in the accounts prior to 31 March 2019. 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 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. The constructive obligation is still considered to be required as at 31 July 2020.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	2020 £'000	2019 £'000
Amounts included in staff costs		
Employer service cost (net of employee contributions)	4,958	3,254
Past service cost (obligation based on court rulings)	<u>0</u>	<u>1,596</u>
Total	4,958	4,850

Analysis of pension finance income/(costs)

	2020 £'000	2019 £'000
Expected return on pension scheme assets	1,652	1,948
Interest cost	(2,096)	(2,263)
Interest on net deficit	<u>0</u>	<u>0</u>
Net charge to other finance costs	<u>(444)</u>	<u>(315)</u>

Analysis of Other Comprehensive Income for pensions

	2020 £'000	2019 £'000
Actuarial gains on pension scheme assets	191	2,349
Actuarial gains/losses on scheme liabilities	(19,870)	(8,371)
Past service credit arising on change of pension increase assumption in year	<u>0</u>	<u>0</u>
Total Other Comprehensive Income	<u>(19,679)</u>	<u>(6,022)</u>

Movement in surplus/(deficit) during the year

	2020 £'000	2019 £'000
Surplus/(deficit) in scheme at 1 August	(21,369)	(12,318)
Movement in the year:		
Employer service cost (net of employee contributions)	(4,958)	(3,254)
Employer contributions	2,360	2,136
Past service cost	0	(1,596)
Net interest/return on assets	(444)	(315)
Actuarial gain or loss recognised in Other Comprehensive Income	<u>(19,679)</u>	<u>(6,022)</u>
Surplus/(deficit) in scheme at 31 July	<u>(44,090)</u>	<u>(21,369)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Asset and liability reconciliation

	2020 £'000	2019 £'000
Reconciliation of liabilities		
Liabilities at start of period	95,813	81,252
Service cost	4,958	3,254
Interest cost	2,096	2,263
Employee contributions	728	674
Experience gains and losses on scheme liabilities	0	0
Actuarial (gain)/loss	19,870	8,371
Benefits paid	(1,864)	(1,597)
Past service cost	0	1,596
Curtailments and settlements	0	0
Liabilities at end of period	121,601	95,813
Reconciliation of assets		
Assets at start of period	74,444	68,934
Expected return on assets	1,652	1,948
Actuarial gain/(loss)	191	2,349
Employer contributions	2,360	2,136
Employee contributions	728	674
Benefits paid	(1,864)	(1,597)
Assets at end of period	77,511	74,444

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	
	2020	2019
	£'000	(restated) £'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	125	98
Expiring within two and five years inclusive	409	391
Expiring in over five years	49	147
Total	583	636

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. PROVISIONS FOR LIABILITIES AND CHARGES

	Litigation	Holiday Pay	Total
	£'000	£'000	£'000
At 1 August 2019	0	0	0
Expenditure in the period	0	0	0
Additions in 2019-20	0	399	399
Unused amounts reversed	<u>0</u>	<u>0</u>	<u>0</u>
At 31 July 2020	<u>0</u>	<u>399</u>	<u>399</u>

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

The PSNI has appealed the CoA judgment to the Supreme Court, however due to delays in relation to the Covid-19 situation, it is expected that this will not be heard until 2021. The Supreme Court judgement may result in a decision which either reduces the period of liability or confirms the full period back to 1998.

The £399k provision has been estimated by the College and covers the period from 1998 to 31 July 2020, following the Department of Finance approach outlined for Departmental Annual Reports and Accounts (FD (DoF) 08/20).

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

1. The appeal to the Supreme Court (as detail above);
2. Lack of accessible data for years previous to 2008-09, requiring estimations to be applied;
3. Future negotiations with Trade Unions;
4. Obtaining legal advice on specific application of the ruling for the NI Further Education sector;
5. A reliable estimate for the pension element is not yet available so this has not been factored into the provision;
6. The provision is gross (inclusive of Employee National Insurance and PAYE) and also includes an uplift of 13.8% for Employer National Insurance Contributions (NI) £48k (2018-19: £nil); and
7. Taxation issues are under discussion with HMRC, by the wider NI public sector.

Therefore, the estimated provision outlined above is based on the application of DoF methodology, which may be subject to change following the outcome of the Supreme Court appeal.

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*) 2020 £'000	Transactions (AP/AR) 2019 £'000	Amount outstanding to BMC at 31 July 2020 £'000	Amount outstanding to BMC at 31 July 2019 £'000
Kay Collins	G McG Belfast Limited	Nominated to Belfast Met by BELB	0 & 1	0 & 1	0	0
Jim McCall	NI Water	Non-Executive Director	98 & 1	108 & 7	0	0
	NIHSCT	Non-Executive Director	0 & 0	0 & 0	0	0
	NI Housing Executive	Non-Executive Director	38 & 9	32 & 3	0	0
Wendy Gillies	Odyssey Trust Company	Head of Social Affairs	0 & 2	0 & 1	0	0
	Belfast City Council	Programme Director	16 & 1	3 & 1	0	0
Kathleen O'Hare	CCEA	Member	86 & 33	84 & 35	0	1
Maureen Walkingshaw	British Telecom	Former Employee	1,371 & 0	2,134 & 0	0	13
Brian Wilson	British Council	Employee	1 & 36	4 & 50	0	5
	CCEA	Member	86 & 33	84 & 35	0	1
Senior Manager						
Marie-Therese McGivern	Bombardier PLC	Non-Executive Director	0 & 50	0 & 24	45	3
Gillian Magee	RC2020	Executive Director	3 & 0	3 & 0	0	0

* AP/AR – Accounts Payable/ Accounts Receivable

NOTES TO THE FINANCIAL STATEMENTS (continued)**28. AMOUNTS DISBURSED AS AGENT**

Support Funds

	2020 £'000	2019 £'000
DfE Grants	636	754
Interest earned	<u>0</u>	<u>0</u>
	636	754
Disbursed to students	(446)	(601)
Audit fees	<u>0</u>	<u>0</u>
Balance unspent at 31 July	<u>190</u>	<u>153</u>
Care to Learn	2020 £'000	2019 £'000
DfE Grants	25	29
Interest earned	<u>0</u>	<u>0</u>
	25	29
Disbursed to students	(25)	(29)
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 2019 to 31 July 2020 there were no losses or special payments made and no bad debts were written off due to Covid-19 circumstances (2018-19 £45,868).

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	2020 £'000	2019 £'000
INCOME			
DfE income (non grant-in-aid items)	1	2,983	3,348
Education contracts	2	751	780
Tuition fees and charges	3	8,689	8,836
Other grant income	4	3,711	2,107
Other operating income	5	1,171	1,698
Endowment and investment income		0	12
Profit on disposal of assets		38	0
Total incoming resources		17,343	16,781
EXPENDITURE			
Staff costs	7	40,812	39,776
Other operating expenses	9	22,822	22,575
Depreciation	12	4,328	4,147
Interest and other finance costs	10	444	315
Holiday Pay Provision	26	399	0
Total resources expended		(68,805)	(66,813)
Net deficit for the year		(51,462)	(50,032)
Unrealised surplus on revaluation of land and buildings		2,052	5,337
Actuarial (loss)/gain in respect of pension scheme		(19,679)	(6,022)
Transfer due to endowment asset investments		0	(4)
Amount transferred to reserves		(69,089)	(50,721)
Analysis of reserves prepared under FReM		2020	2019
		£'000	£'000
Balance at 1 August		30,962	37,699
Grant-in-aid received in year		46,620	43,984
Net operating cost for year [<i>amount transferred to reserves</i>]		(69,089)	(50,721)
Balance at 31 July		8,493	30,962

NOTES TO THE FINANCIAL STATEMENTS (continued)

DATE OF AUTHORISATION FOR ISSUE

The Accounting Officer authorised the issue of these financial statements on 9 December 2020.

