

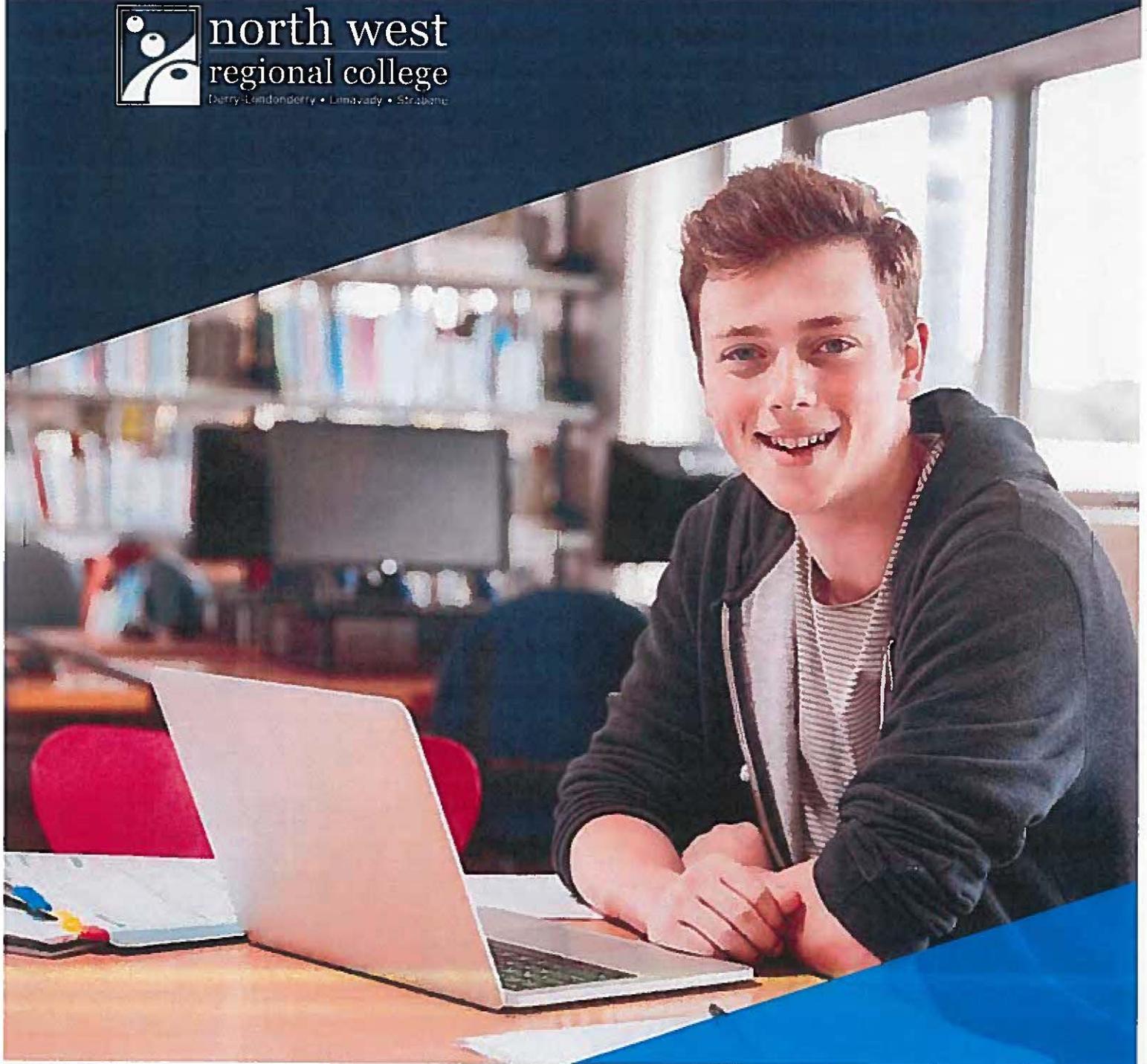
North West Regional College Annual Report and Accounts

Year Ended 31 July 2018



north west
regional college

Derry-Londonderry • Linnavady • Strabane



**NORTH WEST REGIONAL COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS**

YEAR ENDED 31 JULY 2018

The Accounting Officer authorised these

Financial statements for issue

on

14th November 2018

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

10th December 2018

NORTH WEST REGIONAL COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2018

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Strategic Report

Nature, Objectives and Strategies

The Governing Body members present their report and the audited financial statements for the year ended 31 July 2018.

Legal Status

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

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

Mission Statement

We provide quality education that supports the creation of more jobs and fosters a culture of lifelong learning for work.

Corporate and Business Planning

The College Development Plan for 2015-18 identified 5 Strategic Priorities:

1. Our Curriculum is Fit for Purpose

The Level 2 pilot in Youth Training Programme extended to the curriculum areas of Business, Motor Vehicle and Joinery. The initial pilot programmes in Hairdressing and Health and Social Care continued successfully in 2017/18. A L3 Apprenticeship in Dental Nursing also completed in 2017/18. These pilots ended in June 2018.

An ETI inspection of Training for Success and ApprenticeshipsNI was carried out in November 2017 and an overall grade of Good was achieved with many areas being reported as very good. The DfE carried out a review of the HLA provision in 2018 and the feedback received was very positive with some areas of best practice being commended by the review team. An inspection of the HE provision at NWRC was commissioned by the DfE and commenced in March 2018 when a Quality Review Visit was carried out by the QAA. The College retained its grade of Confidence. The ETI's scrutiny inspection (formed part of the November inspection mentioned above) was again graded as Confident in 2017/18.

Project based learning continued to be a strong focus in 2017/18 with the necessary support being provided to continue embedding project based learning across the college.

The maths centre continued to support students in an effort to improve their outcomes in maths assessments / examinations. Following the paper that was produced in 2016/17 by the HOD of Science Technology and Creative Industries setting out the challenges for maths students in the North West, NWRC collaborated with local schools. A pilot project using an active learning approach to raise standards and awareness of Mathematics in Primary Schools at Key Stage 2 was launched on 16 March 2018 and twelve schools were selected to participate in the project. This collaboration will continue to be explored in 2018/19 with the aim of improving maths outcomes for 14-19 year olds.

Higher Level Apprenticeships continue to provide an excellent option for students to train while they learn and successful recruitment in all six HLA subjects took place in 2017/18. Proposals were made to extend the curriculum offered to HLAs in Civil Engineering and also Early Years subjects in 2018/19.

2. Our Learners are at the Centre of the Organisation

Management have continued to invest to ensure the student experience remains first class. The refurbished Student Services offices provide a modern hub for students that is bright and vibrant.

The Careers Academy continues to provide connectivity and to add value to every student and extend the curriculum to drive innovation and growth which is pivotal to the work and aspirations of the Academy. This resource has continued to assist students to meet their employment potential – developing graduates with the right attitudes and aptitudes to enable them to be effective in the workplace and to understand and be aware of their civic responsibility.

3. Our People are Empowered and Developed to Achieve the Vision

During 17/18 the College continued to attract and retain highly skilled staff to ensure delivery of College objectives. The staff development programme focused on the core business of teaching and learning and the need to develop leadership skills and the building of managerial capacity at all levels. These efforts and the ongoing continuous professional development will support the College to ensure ongoing achievement of the IIP standards.

A significant staff health & wellbeing programme has continued to be a priority and management has continued to consider ways of improving communication. Engagement with staff and development of trust between management and staff has remained at the core of the organisation.

4. Our Economic Engagement Unlocks the Potential of the City and Region to Create Prosperity

The College and its Business Support Centre continue to expand its industry support services and further develop the College's international profile.

The BSC continues to provide innovation, applied research and development solutions via Innovate Us, Innovation Vouchers, Fusions and Knowledge Transfer Partnerships (KTPs). The volume of work continues to grow leading to further expansion of the Business Support Centre's technical team. As an example of this NWRC is now the leading academic provider on the island for InterTrade Ireland's Fusion programme.

The College continues to deliver its vision of applied research, innovation and training centres. The Foodovation Centre has had another successful year of operation. Construction works for the Product Design Centre in Limavady have been completed and the centre is now operational.

From the skills perspective the College has successfully delivered its targets on the Skills Focus Programme and notably secured and delivered an Assured Skills Academy with Bemis. This has been followed by the recent high profile announcements by FinTrU, Danske Bank and Alchemy for whom the College will be delivering academies over the next 3-5 years. The College's International and European portfolio continues to grow with over £1 million in funding having recently been secured through Erasmus+ programmes.

5. Our Resource Base Underpins and Allows Us to Do All of the Above

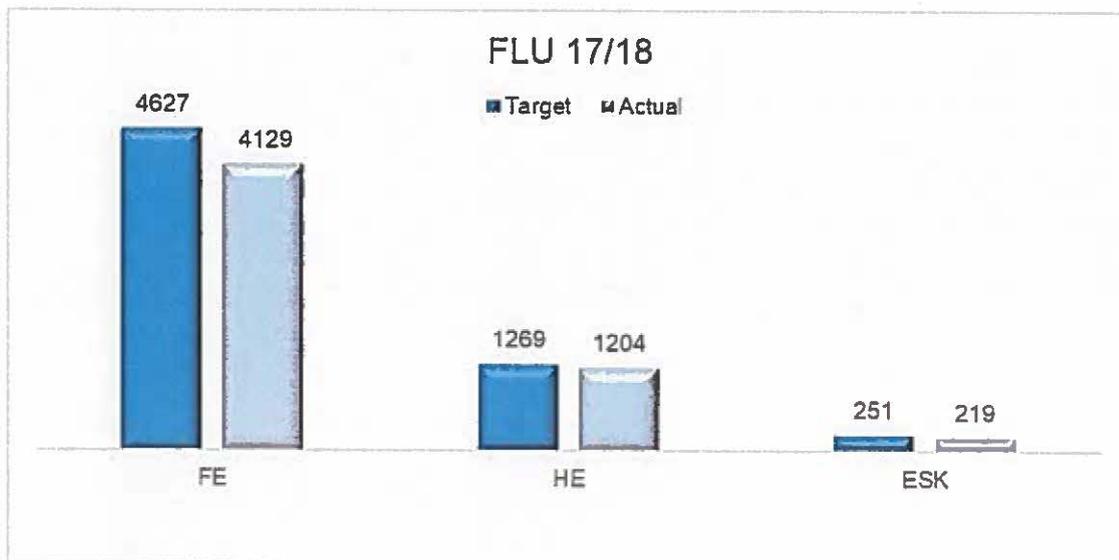
The College continued to invest in resources during 2017/18 particularly in information technology (IT) and buildings. £700k was spent on IT and £1.5 million was spent on our Estate developing modern facilities and upgrading other areas to ensure that our buildings remain fit for purpose adding to the student experience. These costs are included in the College's other operating expenses for the year.

FLU Results 17/18

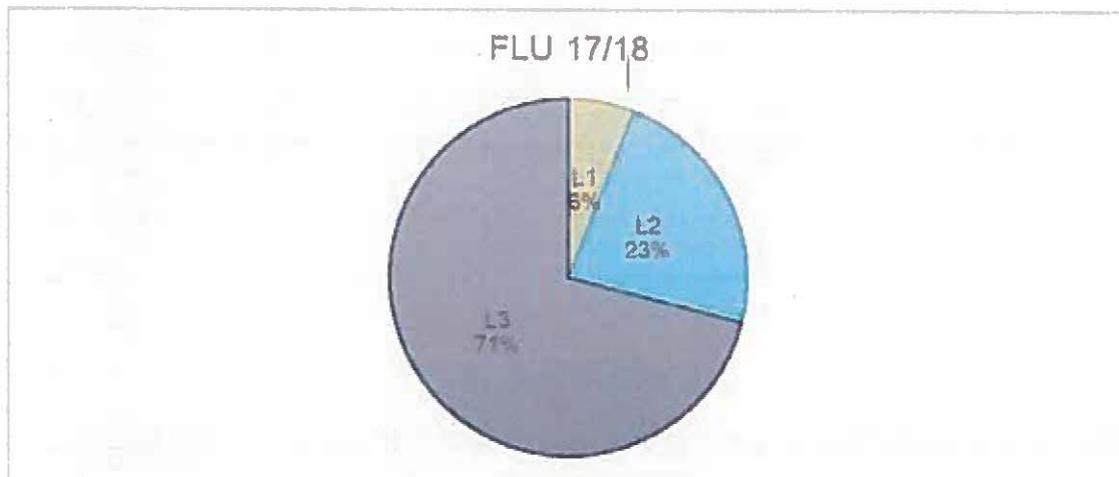
In 2017/18 the College had a target of 4,627 Further Education (FE) Funding Learning Units (FLUs) excluding Essential Skills (ESK) against an actual of 4,129¹ which is 89% of the Department for the Economy (DfE) FLU target.

Factors contributing to the decrease in the uptake of FE, HE and Essential Skills include the demographics for the catchment area – leading to a reduction in available 14-19 year olds, increased competition from post primary schools to retain their students at Level 3, a reduction in the number of Full Time students who would normally undertake Essential Skills and the move of curriculum from FE to work based learning pilot programmes which were funded differently from FLU.

On analysis, the overall FLU is estimated to be 90% of target.¹



The combined Level 2 and Level 3 provision contributes to 94% of FE FLU.



¹ FLU Extract 18th September 2018

The primary focus of the NI Programme for Government is the economy; this correlates with the requirement for quality education and skills training, improving the skills level of the population and increasing the number of people working in good jobs. Therefore, NWRC will continue to provide opportunities for the people of the city and region to retrain, develop new skills and diversify in order to change career. NWRC will continue to play a key role in providing individuals with the ability to upskill/reskill and move across sectors as economic needs change with the North West City Region.

Despite the very challenging environment in the city and region, NWRC sits at the heart of the professional and technical education system and has played a key role in providing individuals within our catchment area with the ability to upskill/reskill and move across sectors as economic needs change. In determining our future curriculum offer, cognisance must not only be taken of our strategic priorities to generate a strong and vibrant economy but also of our requirement to address educational disadvantage and levels of deprivation by continuing to promote social inclusion.

Financial Objectives

The College's financial objectives are:

- Balanced budget – the College is reporting a small historic surplus of £469k before the exceptional payment
- Strong health check ratios (e.g. current ratio of between 1.5-2.5) - all health check targets were met or exceeded
- Cash days of between 20-40 –actual cash days for 2017/18 is 75 days
- Debtor days of between 0-30 – actual debtor days for 2017/18 is 10 days
- Unqualified External Audit report – expecting unqualified report for these Financial Statements
- Internal Audit assurance rating of Satisfactory over the system of internal control within the College

Financial Results

The College incurred an operating deficit on continuing operations after depreciation of assets at valuation and before exceptional items of £490k (Deficit in 2017 of £1,196k). The historic surplus in the year before exceptional items was £469k after charging £725k of pension costs as a result of the FRS17 adjustment (Historic Deficit in 2017 of £253k). Under FRS102, there is no Statement of Recognised Gains & Losses so the actuarial gain/loss in respect of the pension scheme and revaluation of land & buildings now form part of the Statement of Comprehensive Income. This results in an overall surplus for the year of £5,011k (Surplus in 2017 of £5,253K).

The movement from the 2017/18 College Development Plan and the final outturn is explained by movements to a number of key account headings. The material favourable/unfavourable variances included - £1,436k increase in DfE grants of which £1,057k is a result of the new funding model introduced in April 2018 and £252k relates to the funding of the Voluntary Exit Scheme; £89k increase in Education Contracts; £47k decrease in fee income; £498k decrease in Other Grant Income due to changes in start dates for some European projects; £15k increase in Other Operating Income; decrease of £815k in Teaching staff costs; £57k decrease in Technician staff costs; £461k decrease in Administration staff costs; £475k decrease in Non-Pay Direct Support costs of which £107k relates to a reduction in Trainee payments and £291k relates to European projects. The exceptional payment of £3,018k relates to two issues: £1,518k of college reserves used to fund capital projects; and £1,500k repaid to DfE during the year to assist in bringing cash reserves to the appropriate level as outlined in the Financial Memorandum.

Buildings and land were subject to Indexations of 9.4% and 5% respectively at 31 July 2018 provided by Land and Property Services. The Northern Ireland Local Government Officers' Superannuation Committee(NILGOSC) pension liability decreased from £5m to £2.9m – the main reason for this was due to an increase in the recommended discount rate used which in turn reduces the liabilities.

The College has significant reliance on DfE for its principal funding source, largely from recurrent grants. In 2017/18 DfE provided 62% (2016/17 - 61%) of the College's total income through allocated recurrent grant. This represented 14% of the total recurrent grant available to the sector.

Reserves

The College has accumulated reserves of £40,397k and cash balances of £6,720k.

The College plans to invest some of its reserves in the following:

- The advanced works at the Springtown campus commenced in 2016 and the main works (subject to funding) will commence in the autumn of 2018 with completion planned for late 2019. The development will transform the building from a 1960s training centre to a modern fit for purpose campus providing a curriculum delivery across a number of vocational areas.
- £340k will be invested in IT and minor maintenance in 2018/19 to further enhance resources.

Finances and 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 parliamentary 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.

Treasury Policies and Objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate Investment Policy in place that complies with DfE Financial Memorandum. The purpose of the policy is to provide the College with specific guidelines as to the period of investments, diversification of institutions, and aiming to attain the best rate of return on any investments.

Cash Flows

The College has a £3,940k operating cash outflow for the year. (2017 - £1,936k inflow)

Liquidity

As per the balance sheet the College's liquidity is strong. Provided budget cover is given, cash reserves will be used to further invest in developing the curriculum and College estate. In addition, the sector may face budgetary cuts in the next planning cycle which may challenge the current financial stability.

Interest Rate Risk

The College has an investment policy agreed by the Governing Body. Interest rates have dropped significantly and this has had a material impact on investment income.

Student Activities and Achievements

The College full time FE student enrolments saw a significant decrease between 2016/2017 and 2017/2018 due in the main to the continuing declining demographics in the North West.

- Full-time gross FE FLU enrolments decreased by 8.7% to 2,589¹
- Full-time Maximum Student Numbers (MASN) HE enrolments decreased by 6.5% to 657¹
- Full-time Training For Success/ApprenticeshipNI gross enrolments increased by 17.9% to 612¹
- Part-time gross enrolments increased by 4.8% to 13,503¹

In terms of FLU, the College delivered an actual total of 5,552² against FLU Target of 6,147.
This was made up of:

- FE 4,129² – FLU FE Target 4,627
- HE 1,204² - FLU HE Target 1,269
- ESK 219² - FLU ESK Target 251

Curriculum

The College offers education and training programmes at Levels 1-6 across a wide range of professional and technical areas. In 2017/2018 there were 17,460¹ students enrolled on its programmes across all campuses, including outreach.

The higher education provision accounts for 22%² of the total College Funded Learning Unit (FLU) count excluding essential skills. The total Further Education FLU count for the College was 4,129². As part of the Entitlement Framework provision offered to post-primary schools, there were 875¹ enrolments across 18 schools from three area learning communities.

Some 23% of students attended on a full time basis. Within the full time cohort of students, 50% of students were male and 50% were female. The College also delivered Work Based Learning in 19 vocational areas as part of the Training for Success, Apprenticeship NI and Youth Training programmes. 8.7%² of FLU funded full-time students had a learning disability and were supported in their learning within mainstream provision.

In relation to DfE FLU Targets, the College delivered 5,552¹ FLUs, which is 9.7% lower than the FLU target of 6,147.

¹ CDR Extract 14 August 2018

² FLU Extract 18 September 2018

Higher Level Apprenticeship (HLA)

NWRC continued to offer HLA courses in:

- Accountancy
- Hospitality & Tourism Management
- Mechanical Engineering
- Software Development
- Travel & Tourism Management
- Digital Marketing
- Electrical and Electronic Engineering

Youth Training Level 2 and Apprenticeship Level 3 (pilot)

NWRC continued to offer Youth Training Level 2 courses in the areas of:

- Hairdressing
- Motor Vehicle (2 strands)
- Wood Occupations

New Apprenticeships Level 3 (pilot) in:

- Dental Nursing

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 2017 to 31 July 2018, the College paid 91% of its invoices within 30 days (2016/17 - 93%). The College incurred no interest charges in respect of late payment for this period.

The Northern Ireland Executive is committed to paying suppliers promptly - within 10 working days. During the accounting period 1 August 2017 to 31 July 2018, the College paid 73% of its invoices within 10 days. (2016/17 – 66%)

Events after the end of the Reporting Date

There have been no significant Events after the end of the reporting date.

Future Developments

The College recognises the financial challenges that the public sector will face in the coming years. A significant percentage of funding comes from Recurrent Grant from the Department for the Economy. BREXIT has created uncertainties and may impact adversely on the curriculum provision. In addition, demographic statistics suggest that it will be difficult to maintain student numbers at the levels achieved in recent years.

The implementation of the Estates Strategy is vital. The advanced works at the Springtown campus commenced in 2016 and the main works will commence in the autumn of 2018 with completion planned for late 2019. The development will transform the building from a 1960s training centre to a modern fit for purpose campus providing a curriculum delivery across a number of vocational areas.

RESOURCES:

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

Estate:

The value of the main College sites are as follows:

Building	Value £'000
Foyle Building	16,128
Strand Road	19,485
Limavady	8,997
Northland	10,026
Centre for Technology	6,988
Strabane	2,031
Springtown	711

Financial:

The College has £40 million of net assets (including an £3 million pension liability).

People:

The College employs 571 people (expressed as full time equivalents), of whom 327 are teaching staff.

Sickness/Absence Data	2017-18	2016-17
No of days absent	5697	5069
Time Lost	3.8%	3.05%
Average Day Lost per employee	7.5 days	6.9 days

Reputation:

NWRC believes that it is well placed to take on the challenge of enhancing the skill set of the population. The College has a good reputation both locally and regionally for its further and higher education provision. The facilities available for teaching and learning range from good to outstanding across the majority of the provision.

During the 2017-2018 year the College again implemented the sector agreed Voluntary Exit Scheme which facilitated a reduction in staffing and the opportunity to introduce skills relevant to the future of the College. The implementation of the scheme was managed in a way that ensured pay bill savings were achieved and ensured no negative impact on staff skills, morale or service delivery.

In the latest inspections of the College the Education and Training Inspectorate stated that in the professional and technical areas inspected the quality of education and training provided across the College is good. In 2017-2018 the scrutiny inspection of the SER process was graded "Confidence". The Higher Level Apprenticeships were also evaluated by DfE and the College received positive feedback, some best practice teaching and learning being commended. The QAA carried out a Quality Review of the HE provision and NWRC were graded "Confidence".

Name of Inspection	Overall Grade
ETI Inspection Report – Training for Success and Apprenticeships NI provision	Good
ETI Scrutiny Inspection of the Self-Evaluation and Quality Improvement Planning Processes	Confidence
QAA – Quality Review Visit	Confidence

The College is committed to improving its performance on a continuous and systematic basis. A plan has been completed to support the revised improvement targets set by the College Governing Body and a new vision has been agreed "Making Lives Better". As part of the improvement process each curriculum and support area produces an annual self-evaluation report. In the latest Scrutiny Inspection, the Education and Training Inspectorate had confidence of the Self Evaluation Processes, with the high priority given to promoting continuous quality improvement across the college highlighted as a strength. Areas of improvement are addressed by the College, through Quality Improvement Plans and continuous improvement continues to be an on-going focus of the new Quality Enhancement Unit.

The new arrangements for higher education with the publication of a new Operating Model for the governance and review of higher education came into effect in 2016. An external review by the Quality Assurance Agency was carried out in 2017-2018 and the College maintained its high standards being awarded a grade of Confidence. There are a number of internal committees for the academic oversight of all College provision which includes further education, higher education and work based learning in addition to awarding body verification reports.

The College has a good reputation with its students and the student voice is integral to the ethos at the College. Surveys are carried out across Further and Higher Education for both employers and students and feedback is received from a range of stakeholders. Pastoral care is a significant strength within the College and is highlighted as such in inspection reports and by student feedback.

The College is committed to working with all of its stakeholders to improve the skills mix of the workforce in Northern Ireland and enhance the economic environment.

During the year Internal Auditors graded 5 reports satisfactory and the overall end of year report was graded as Satisfactory.

Summary of College Highlights from 2017/18

- Jamie Lee O'Donnell, who plays Michelle in the hit TV show 'Derry Girls', previously studied Performing Arts at North West Regional College. Jamie Lee is currently shooting Series 2.
- Our Greystone Campus hosted the 2018 NI Skillbuild finals, attracting more than 1,000 guests and competitors.
- Later this year we will unveil Northern Ireland's first state-of-the-art Design Innovation for Assisted Living (DIAL) centre at Strand Road campus.
- Identical twins Tipsudar and Tipsukon Cochrane have successfully progressed onto Year 3 of an Honours Degree in Textile Design at the prestigious Glasgow School of Art after graduating from our HND in Fashion and Textiles.
- In November 2018 we officially open our Product Design Centre at our Greystone Campus. A state-of-the-art facility for entrepreneurs and companies wishing to create new products or enhance existing ones.
- Sarah Gillespie, who is studying for the Higher Level Apprenticeship / Foundation Degree in Software Development has been short-listed for Apprentice of the Year.
- The College recently announced a £7million redevelopment of Springtown Campus, which delivers a large proportion of the College's Training & Skills courses.
- A speciality Coffee Shop 'Barista at the Clipper' which also doubles up as a teaching space for Barista training opened at the College's Northland building.
- Caitlin Hasson who studied Health Science was recently awarded the JP McManus Scholarship.
- NWRC was named the official 2018 Education Partner to Stendhal Limavady, Strabane Summer Jamm and the Foyle Maritime Festival.
- College lecturers Michael Poole (Drama), Liam Craig (Music production) and Dominic O'Callaghan (Music Performance) were named 'Tutors of the Year' at the annual NI Creative & Cultural Skills Awards.
- Students Jane McMonagle and Poppy Mahoney were awarded a prestigious QUEST Technician scholarship from the Institution of Civil Engineers (ICE).
- Students Jamie Given, Daniella Quinn, Victoria Darragh and Diana Carvalho became the first to graduate from the Higher Level Apprenticeship in Accounting.
- NWRC are partnering with all NI Further Education Colleges and the Department for the Economy in the delivery of 'Let's do Business' a unique sectoral initiative aimed at growing our local and regional economy.
- Our College recently signed a Memorandum of Understanding with Dalian Vocational & Technical College in China to develop best practice in global vocational learning.

Risk Management

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

The Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent appraisals will review their effectiveness and progress against risk mitigation actions. In addition to such reviews, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed by the Audit and Risk Committee. This is reviewed twice per year and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Main Risk - Government Funding

Given the pressures on the wider public finances, cuts to the block grant in the coming years must be considered. The allocation for 2018/19 is in line with 2017/18, however there are indications that funding in subsequent years will be reduced. Reduced enrolments and the impact of BREXIT (as yet unknown) may impact on funding.

Stakeholder Relationships

In line with other Colleges and with universities, North West Regional College has many stakeholders. These include

- Students
- Staff
- Department for the Economy (previously the Department for Employment and Learning)
- Other Government departments
- North West Workforce Development Forum
- local employers
- local Councils
- local Strategy Partnerships
- local Enterprise Agencies
- other FE Colleges
- local Universities
- Post-Primary Schools
- Trade Unions
- the local community
- Professional Bodies

The College recognises the importance of these relationships and engages in regular communication with them.

The College considers good communication with its staff to be very important and regular meetings are held. The College encourages staff and student involvement through various means such as membership of the Governing Body.

Equality of Opportunity and Employment of Disabled Persons

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

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

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

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

Disability Statement

The College is committed to the provision of high quality education and training for the community it serves. The College welcomes applications from students with disabilities. All reasonable efforts to meet individual students' needs will be made through teaching support, student services and the learning support service.

In carrying out the principal roles and functions the College will endeavour to promote equality of opportunity among those with disabilities in accordance with Section 75 of the NI Act 1998. In addition, the College will ensure the obligation in accordance with the Disability Discrimination Act 1995 will be adhered to and reasonable adjustment considered where necessary.

The College also takes account of the Special Educational Needs and Disability Order 2005 (SENDO).

The College has a detailed Disability Action Plan which covers the following areas:

- Encourage the participation of people with a disability on committees and groups across the College
- Encourage students with a disability to participate more fully in College life
- Promote the use of DisabledGo website to encourage participation of people with a disability
- Implementation of reasonable adjustments for students and staff with a disability
- Review of appropriate allocation and usage of designated car parking facilities on all College campuses
- Ensure staff receive anti-discrimination and SENDO training as part of induction
- Provision of bespoke training to address specific needs of students with a disability
- Provision of disability equality training to staff
- Monitor and review of Disability Action plan
- Encourage work placements for people with a disability

Disclosure of Information to Auditors

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

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

Personal Data Related Incidents

There was one low risk data related incident that we reported to the ICO during the academic year.

Charitable and Taxation Status

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

Charitable/Political Donations

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

Professional Advisers

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

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

Bankers: Danske Bank
Corporate Banking
P.O. Box 183
Donegall Square West
Belfast, BT1 6JS

**NORTH WEST REGIONAL COLLEGE
STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2018**

Members

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

NAME	DATE OF APPOINTMENT / RE APPOINTMENT	TERM OF OFFICE	DATE OF RESIGNATION / APPOINTMENT (EOP)	STATUS OF APPOINTMENT	COMMITTEES SERVED	GOVERNING BODY ATTENDANCE [8 MEETINGS HELD 2017/18]
Mr S Atcheson	12/01/2015	4 yrs		Education Authority Nominee	AC, SC	7(7)
Mr P Canavan	12/06/2014	4 yrs		Member	EC, FC	7(7)
Mr M Cooper	24/11/2014	4 yrs		Education Authority Nominee	FC, SC	3(7)
Mrs R Dougherty	04/04/2016	4 yrs		Member	AC, SC	7(7)
Mr G Finnegan*	01/04/2018	6 mths		Chair		7(7)
Mr S Gillespie	14/12/2015	4 yrs		Co-opted	EC, FC	2(7)
Dr N Hand	09/01/2017	4 yrs		Member	SC, AC	5(7)
Mr E Kelly	13/04/2017	**	29/06/18	Student	BC	4(5)
Mr G Killeen	01/08/2015	4 yrs		Member	AC, EC	7(7)
Mr P Laughlin	01/08/2015	4 yrs		Member	AC, SC	6(7)
Mrs C McFarland	01/07/2016	4 yrs		Member	AC, SC	1(7)
Mr S McGregor	01/08/2015	4 yrs		Member	EC, FC	6(7)
Mr A Magee	21/07/2016	4 yrs		Support Staff	EC, FC	6(6)
Mr L Murphy	05/05/2014	4 yrs		Principal & CEO	EC, FC, SC	7(7)
Mr M O'Kane	01/07/2016	4 yrs		Member	EC	7(7)
Dr M O'Neill	07/06/2017	4 yrs		Co-opted	AC, EC	2(7)
Mr B Quinn	01/08/2015	4 yrs		Member	EC, FC	5(7)
Mrs L Taggart	26/01/2018	4 yrs		Academic Staff	EC, FC	3(4)

- AC - Audit and Risk Committee
- EC - Education Committee
- FC - Finance and General Purposes Committee
- SC - Staffing Committee
- * - Extension of first term of appointment - interim arrangement
- ** - Term of Office completes on 30/09/2018 or until the date on which he/she ceases to be a student at the College, whichever first occurs.
- { } - Number of meetings members were eligible to attend

For and on behalf of the members of the Governing Body


Mr G Finnegan
Chair

14-11-18
Date



North
Award for Academic
Excellence in
Hair & Beauty
Management
Higher Education

Remuneration Report

**NORTH WEST REGIONAL COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2018**

Members of the Governing Body

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

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

The remuneration of Governing Body members (excluding staff members) was first introduced by the Department from 1st January 2016. There are no arrangements in place for the payment of a bonus. The College also reimburses governing body members for any incidental expenses incurred for carrying out their duties relevant to the organisation.

The remuneration of Chairman and Board members is as follows:

	2017/18		2016/17	
	Salary and Allowances	Benefits in Kind	Salary and Allowances	Benefits in Kind
	£'000	£'000	£'000	£'000
Mr G Finnegan (Chair)	20-25	-	15-20	-
Mr M Agnew (Resigned 04/03/2017)	-	-	1-5	-
Mr S Atcheson	1-5	-	1-5	-
Mr G Killeen	1-5	-	1-5	-
Mr P Laughlin	1-5	-	1-5	-
Mr S McGregor	1-5	-	1-5	-
Mr M O'Kane	1-5	-	1-5	-
Mr P Canavan*	0	-	0	-
Mr M Cooper*	0	-	0	-
Mr S Gillespie*	0	-	0	-
Mrs C McFarland*	0	-	0	-
Mr B Quinn	1-5	-	1-5	-
Ms R Dougherty	1-5	-	1-5	-
Mr E Kelly	1-5	-	1-5	-
Ms S Curran (Resigned 20/03/2017)	-	-	1-5	-
Mr N Hand	1-5	-	1-5	-
Dr M O'Neill	1-5	-	0	-

* Members who have chosen not to claim remuneration.

The Principal & Chief Executive and Senior Management Team

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

The Principal & Chief Executive and Senior Management Team 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 College's Staff Handbook.

Minimum pay levels

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

Progression

There is no incremental progression for the Principal as he is paid on a one-point scale according to College size. However, if the College size increases he will automatically move to that new salary point.

At initial appointment, the 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 Directors. If the College increases in size a Director will automatically move to the new relevant salary scale.

Performance Pay

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

Total reward package

Senior staff within Colleges have access to either the Northern Ireland Teachers' Pension Scheme (NITPS) or Northern Ireland Local Government Officers' Superannuation Scheme (NILGOSC).

Senior staff posts are based on 36 hours per week and post holders have access to the Colleges' Maternity Leave Scheme, Paternity Leave Scheme, Adoption Leave Scheme and Flexible Working arrangements.

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

Exit Packages

Exit packages were paid in the year as follows:

Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band
< £10,000	1 (2017: 2)	0 (2017: 0)	1 (2017: 2)
£10,000 - £25,000	1 (2017: 3)	1 (2017: 0)	2 (2017: 3)
£25,000 - £50,000	1 (2017: 4)	0 (2017: 0)	1 (2017: 4)
£50,000 - £100,000	3 (2017: 5)	0 (2017: 0)	3 (2017: 5)
Total Number of Exit Packages	6 (2017: 14)	1 (2017: 0)	7 (2017: 14)
Total Resource Cost	£253k (2017: £597k)	£12k (2017: £0)	£265k (2017: £597k)

**NORTH WEST REGIONAL COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2018**

Service contracts

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

Salary and pension entitlements

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

Remuneration (Audited)

Senior Management	2017/18				2016/17			
	Salary	Benefits in kind	Pension benefits	Total	Salary	Benefits in kind	Pension benefits	Total
	£'000	£	£'000*	£'000	£'000	£	£'000	£'000
Mr L Murphy <i>Principal & Chief Executive</i>	110-115	Nil	27	135-140	110-115	Nil	19	125-130
Mrs K Duffy <i>Director of HR & Learner Services</i>	80-85	Nil	3	80-85	80-85	Nil	18	95-100
Mr D Kinnaird <i>Vice Principal of Curriculum & IS</i> <i>(Seconded from 11 April 2017)</i>	80-85	Nil	25	105-110	80-85	Nil	25	105-110
Mr P McKeown <i>Director of Finance & Economic Engagement</i>	80-85	Nil	13	90-95	80-85	Nil	22	100-105
Mr C Morrison <i>Director of Internation Development</i>	5-10	Nil	-	5-10	80-85	Nil	5	85-90
Mrs S Traynor <i>Vice Principal of Curriculum & IS</i> <i>(from 9 April 2017)</i>	75-80	Nil	132	205-210	20-25	Nil	18	35-40

No member of the Senior Management Team received bonuses, overtime, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation.

*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.

	2017-18	2016-17
	£'000	£'000
Band of highest paid directors total remuneration	110-115	110-115
Median total remuneration	25,229	25,267
Ratio	4.4	4.4

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.

**NORTH WEST REGIONAL COLLEGE
REMUNERATION REPORT
FOR THE YEAR ENDED 31 JULY 2018**

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. No senior staff received any benefits in kind.

Pension Entitlements (Audited)

Senior Management	Accrued pension at age 60 as at 31/7/18 and related lump sum	Real increase in pension and related lump sum at Pension age	CETV at 31/7/18	CETV at 31/7/17	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Mr L Murphy, <i>Principal & Chief Executive</i>	35-40 Plus lump sum of 105-110	0-2.5 Plus lump sum of 5.0-7.5	826	768	59
Mrs K Duffy <i>Director of HR & Learner Services</i>	40-45 Plus lump sum of 80-85	0-2.5 Plus lump sum of (0-2.5)	716	676	12
Mr D Kinnaird <i>Vice Principal of Curriculum & IS</i>	40-45 Plus lump sum of 125-130	0-2.5 Plus lump sum of 2.5-5.0	939	883	56
Mr P McKeown <i>Director of Finance & Economic Engagement</i>	25-30 Plus lump sum of 35-40	0-2.5 Plus lump sum of (0-2.5)	375	347	11
Mrs S Traynor* <i>Vice Principal of Curriculum & IS</i>	25-30 Plus lump sum of 60-65	5.0-7.5 Plus lump sum of 10-15	498	324	174

*Comparative figure for Mrs S Traynor is at 09/04/2017 – start date of Senior Management post

Pension arrangements

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

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

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

National Employment Savings Trust (NEST) is a defined contribution workplace pension scheme which was set up to facilitate Automatic Enrolment as part of the workplace pension reforms under the Pensions Act 2008. The NEST Scheme is run by NEST Corporation which is a non-departmental public body that is accountable to Parliament through the Department for Work & Pensions.

There have been no enhanced pension benefits paid to any senior post holders in the College.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NILGOSC pension arrangements and for which the Fund has received a transfer payment commensurate with the additional pension liabilities being assumed.

CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take accounts of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

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.

Statement of the Responsibilities of the Governing Body

**NORTH WEST REGIONAL COLLEGE
STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNING BODY
FOR THE YEAR ENDED 31 JULY 2018**

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

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

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

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

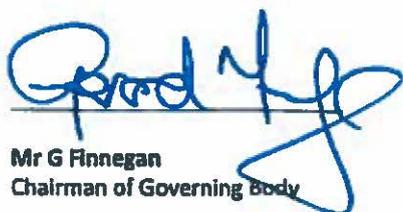
The Governing Body is also required to prepare an Annual Strategic Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

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

Approved by order of the Governing Body members on 14 November 2018 and signed on its behalf by:



Mr G Finnegan
Chairman of Governing Body

Statement of Corporate Governance and Internal Control

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

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

Summary of the College's Structure of Corporate Governance

Governing Body

The College's Governing Body is comprised of members appointed by the Minister for the Department for the Economy, members nominated by the Education Authority for the area, staff and students of the College, the Principal & Chief Executive and people co-opted by the Governing Body. The role of the Chairman of the Governing Body is separate from the role of the College Principal & Chief Executive. The Governing Body is responsible for the on-going strategic direction of the College whilst the Executive Officers are responsible for the operational management of the College. The Governing Body approves all major developments and receives regular reports on the activities of the College. The Governing Body met seven times during the 2017/18 academic year. The Governing Body is supported by four Committees; a Finance and General Purposes Committee, an Audit and Risk Committee, a Staffing Committee and an Education Committee. All of these Committees are formally constituted with Terms of Reference and comprise mainly of members of the Governing Body.

At present the Board receives standing information for each meeting on key areas such as Finance, Human Resources and Performance. Briefing papers on other material issues are provided as they arise. 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 can then be requested to attend support discussions or be required to produce more detailed information in advance of the meeting.

All statistical and financial information is provided by professional qualified teams within the College. For example, all financial information is prepared and provided by the Management Accountant and the Director of Finance and Economic Engagement and is in accordance with the Financial Memorandum, Managing Public Money NI and relevant guidance from the Department for the Economy and the Department of Finance. Accordingly, the Board considers that it can take assurance as to the quality of the data it uses to inform decision making.

Full Minutes of Governing Body meetings are available from the Secretary of the Governing Body or on the College website. The Secretary to the Governing Body maintains a register of financial and personal interests of the Governing Body members and this is available for inspection.

Governing Body Evaluation

I consider that the Governing Body operated effectively during 2017/18, fulfilling its role as set out above. A Governing Body Self-Assessment was facilitated by the FE Corporate Governance & Accountability Branch of the Department for the Economy for the year 1 August 2017 to 31 July 2018. The assessment took the form of a questionnaire to members on the following six topics;

- Personal Performance
- Governing Body's Performance
- Governing Body Procedures & Composition
- Governing Body Committees
- Training & Induction
- Chairperson's Role

The results from the questionnaire provide the Governing Body with an opportunity to obtain feedback on how they operate, as well as benchmark themselves against other Governing Bodies in the Sector.

Audit and Risk Committee

The Audit and Risk Committee is responsible for reviewing the effectiveness of the College's accounting procedures and systems of internal control. It provides a channel of communication from the College's auditors, which is not controlled by College management. It also must satisfy itself that adequate arrangements are in place to promote economy, efficiency and effectiveness. The Committee met four times during the 2017/18 academic year to discuss reports from the External and Internal Auditors and the relevant responses. It also receives and considers reports from the DfE. It reviews the College's annual financial statements to ensure compliance with legislation and accounting standards. Whilst Executive Officers and other officials attend meetings of the Audit and Risk Committee as necessary, they are not members of the Committee. The Committee can meet with auditors on their own for independent discussions. The Chair of the Committee provides a report of Committee meetings to the Governing Body in support of the Minutes which are formally adopted by the Governing Body. It has formally agreed Terms of Reference, which are reviewed on an annual basis.

Finance and General Purposes Committee

The Finance and General Purposes 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 of Estates. It is the duty of this Committee to present a report to each meeting of the Governing Body. The Committee has formally agreed Terms of Reference, which are reviewed on a biennial basis. The Chair of the Committee provides a report of Committee meetings to the Governing Body in support of the Minutes which are formally adopted by the Governing Body. The Committee met five times during the 2017/18 academic year.

Staffing Committee

The Staffing Committee is responsible for dealing with issues in relation to the recruitment, appointment, promotion and grading of all staff, other than senior staff. It develops and monitors human resources, staff development, equality and wellbeing of staff. The Committee has formally agreed Terms of Reference, which are reviewed on a biennial basis. The Committee also ensures safeguarding arrangements are in place. The Chair of the Committee provides a report of Committee meetings to the Governing Body in support of the Minutes which are formally adopted by the Governing Body. The Committee met four times during the 2017/18 academic year.

Education Committee

The Education 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 Committee also monitors the standard of education provision by reviewing the Whole College Self-Evaluation and Quality Improvement Plans. The Committee has formally agreed Terms of Reference which are reviewed on a biennial basis.

The Chair of the Committee provides a report of Committee meetings to the Governing Body in support of the Minutes, which are formally adopted by the Governing Body. The Committee met four times during the 2017/18 academic year.

For membership and attendance of Committees see table on page 20

NORTH WEST REGIONAL COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Senior Management Team

The Principal & Chief Executive attends all Governing Body meetings and sub-committee meetings. The Director of Finance & Economic Engagement attends all Audit & Risk Committee and Finance & General Purposes Committee meetings. The Director of HR & Learner Services attends all Staffing Committee meetings. The Vice Principal of Curriculum & Information Services attends all Education Committee meetings.

The Governing Body are satisfied with the quality and content of the information provided by management.

External Audit

The Comptroller and Auditor General has statutory responsibility for the audit of North West Regional College under the Further Education (NI) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (NI) 2008.

The Northern Ireland Audit office is independent of government and is tasked by the Assembly to hold the Northern Ireland Departments and their agencies to account for their use of public money.

The Comptroller and Auditor General works closely with the Assembly's Public Accounts Committee which can require Accounting Officers and Senior Officials to account for their actions in relation to the management of public funds.

A representative from the Northern Ireland Audit Office attends the North West Regional College's Audit and Risk Committee meetings.

Internal Control Processes

As Accounting Officer of the North West Regional 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 2018 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 receives periodic reports concerning internal control and steps are taken to manage risks in significant areas of responsibility and monitor progress on key projects. The Audit & Risk Committee has lead responsibility for the periodic review of the risk framework and other records of risk. Management of risk categories has been allocated appropriately within the College. Any revision to the framework is discussed within the Audit & Risk Committee and recommended to the Governing Body. In accordance with these functions, the Chair of the Audit & Risk Committee has received appropriate training in accordance with Best Practice guidelines and Corporate Governance principles. The Audit & Risk Committee also agrees the internal audit work schedule and all internal audit reports are reviewed by the Committee. Finally, the Audit & Risk Committee reviews the final reports and accounts and the ensuing report to those charged with governance.

**NORTH WEST REGIONAL COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

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, the Senior Management Team and middle management.

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.

Procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. Risks are fully reviewed bi-annually and individual risk scores may change. During the year the College evaluated three risks to a status of 'High' – Impact of Reduced Enrolment Numbers, Failure to Maintain Financial Stability and Risk of CPD & PD Processes – including implications of resource shortfall, achieving value for money and statutory compliance and impact on Curriculum.

Risks are reported to and discussed at the Audit & Risk subcommittee of the Governing Body. Risk management has been incorporated fully into the corporate planning and decision making processes of the College.

The Governing Body has received periodic reports concerning internal control including presentations from Heads of School at Audit and Risk Committee meetings. The appropriate steps have been taken to manage risks in significant areas of responsibility and progress on key projects has been monitored.

In addition to the actions mentioned above, in the coming year the College plans to:

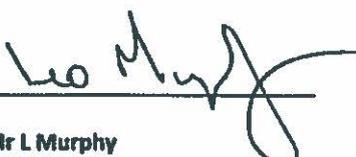
- Regularly review and update the record of risks facing the organisation;
- Maintain the system of key performance and risk indicators; and
- Maintain the organisation-wide risk register.

The College has an internal audit service, the work of which concentrates on areas of key activities determined by an analysis of the areas of greatest risk and in accordance with the annual internal audit plan approved by the Governing Body. The Internal Auditors report to the Accounting Officer and to the Audit and Risk Committee on a regular basis and have direct access to the Governing Body and to the Chairman of the Audit and Risk Committee.

The College's Internal Auditors have reported that based on the internal audit work which they have performed during the year, they can provide Satisfactory Assurance over the internal control environment of the College.

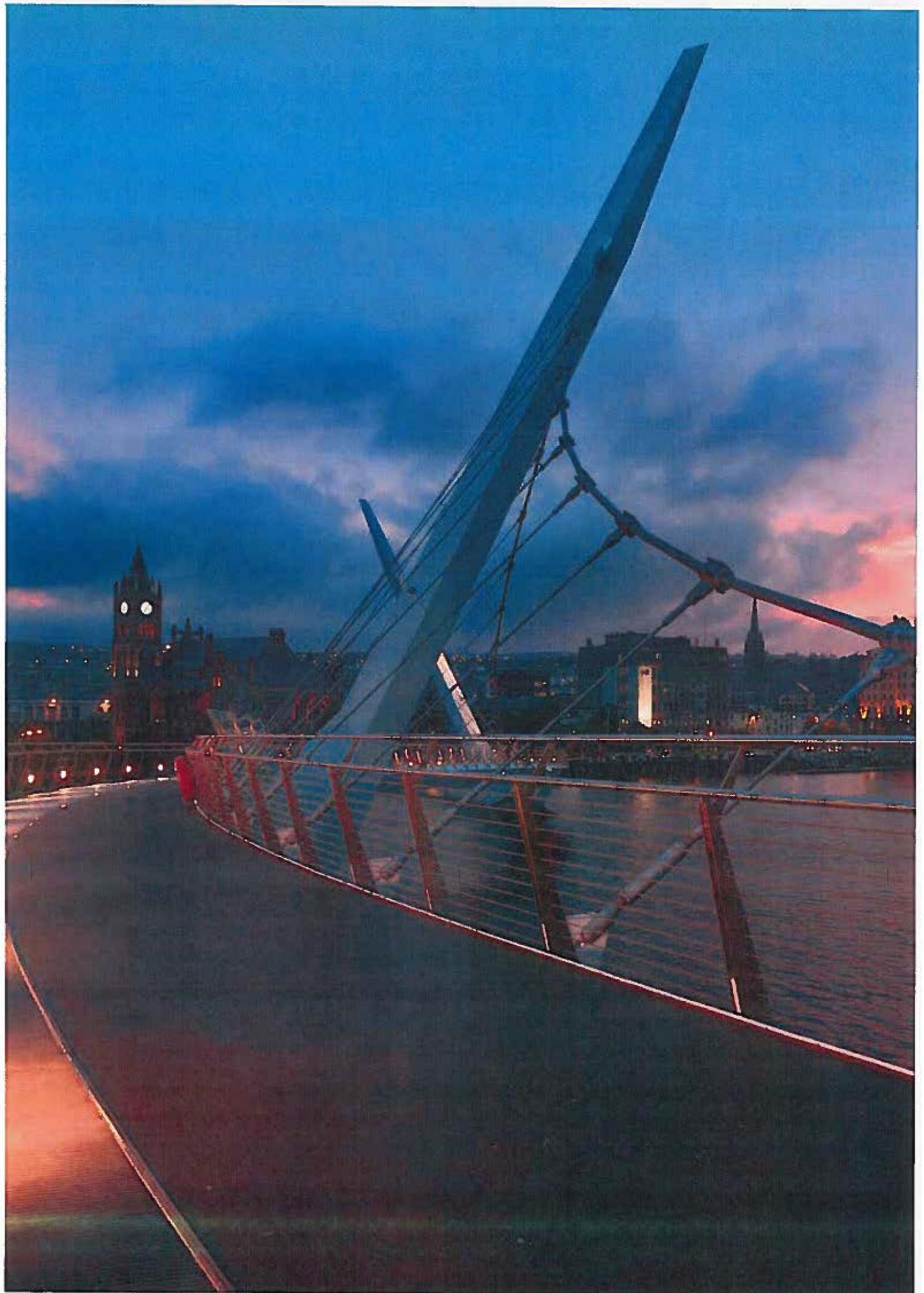
It is my view as the Accounting Officer that the College has an effective risk management process in place and that the Corporate Risk Register is being managed on an active basis with specific action plans in place to address all risks. The review of the effectiveness of the system of internal control 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.


Mr L Murphy
Accounting Officer


Date





**The Certificate
and Report of the
Comptroller and
Auditor General
to the Northern
Ireland Assembly**

NORTH WEST REGIONAL 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 North West Regional College for the year ended 31 July 2018 under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. The financial statements comprise: the Statement of Comprehensive Income, Consolidated Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the North West Regional College's affairs as at 31 July 2018 and of its deficit for the year then ended;
- have been properly prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102); and
- have been prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for the Economy directions issued thereunder.

Opinion on regularity

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

Basis for opinions

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

Other Information

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

In connection with my audit of the financial statements, my responsibility is to read the other information 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities of the Governing Body

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

Auditor's responsibilities for the audit of the financial statements

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

I am required to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 Dannelly

Comptroller and Auditor General

Northern Ireland Audit Office

106 University Street

Belfast

BT7 1EU

23 November 2018

Statement of Comprehensive Income and Expenditure

NORTH WEST REGIONAL COLLEGE
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 JULY 2018

	Notes	2018 £'000	2017 £'000
Income			
Department for the Economy Grants	2	27,825	29,073
Education contracts	3	3,166	2,723
Tuition fees and charges	4	2,616	2,983
Other grant income	5	1,142	885
Other operating income	6	1,238	1,163
Investment income	7	53	81
Total income		36,040	36,908
Expenditure			
Staff costs	8	21,380	21,535
Voluntary Exit Scheme costs	8	265	597
Other operating expenses	10	10,855	11,851
Depreciation	13	2,935	2,862
Interest and other finance costs	11	1,098	1,259
Total expenditure		36,533	38,104
(Deficit) before other gains/losses and exceptional items		(493)	(1,196)
Gain on disposal of assets		3	-
Excetional DfE repayment (see Financial results, page 9)		(3,018)	-
(Deficit) before tax		(3,508)	(1,196)
Taxation	12	-	-
(Deficit) for the year		(3,508)	(1,196)
Unrealised surplus on revaluation of Land & Buildings		5,660	1,891
Actuarial gain/(loss) in respect of pension scheme		2,859	4,558
Total comprehensive income for the year		5,011	5,253
Represented by:			
Unrestricted comprehensive income/(expenditure) for the year		(1,824)	479
Pension Reserve comprehensive income for the year		2,134	3,826
Revaluation Reserve Comprehensive Income for year		4,701	948
		5,011	5,253

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.

Statement of Changes in Reserves

**NORTH WEST REGIONAL COLLEGE
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 JULY 2018**

	Unrestricted Reserves	Pension Reserve	Revaluation Reserve	Total
	£'000	£'000	£'000	£'000
Balance at 1 August 2016	7,713	(8,876)	31,296	30,133
Surplus/(deficit) from income and expenditure account	(464)	(732)	-	(1,196)
Other comprehensive (expenditure)/income	-	4,558	1,891	6,449
Transfers between revaluation and income and expenditure account	943	-	(943)	
Release of restricted funds spent in year	-	-	-	-
Balance at 1 August 2017	8,192	(5,050)	32,244	35,386
Surplus/(deficit) from income and expenditure statement	(2,783)	(725)	-	(3,508)
Other comprehensive (expenditure)/income	-	2,859	5,660	8,519
Transfers between revaluation and income and expenditure account	959	-	(959)	-
Release of restricted funds spent in year	-	-	-	-
Total comprehensive (expenditure)/ income for the year	(1,824)	2,134	4,701	5,011
Balance at 31 July 2018	6,368	(2,916)	36,945	40,397

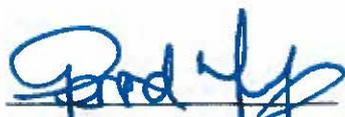
The accompanying accounting policies and notes form an integral part of these financial statements.

Balance Sheet

**NORTH WEST REGIONAL COLLEGE
BALANCE SHEET
FOR THE YEAR ENDED 31 JULY 2018**

	Notes	2018 £'000	2017 £'000
Non Current Assets			
Tangible fixed assets	13	73,329	69,093
Intangible assets	14	167	-
		<u>73,496</u>	<u>69,093</u>
Current Assets			
Trade & Other Receivables	16	1,776	2,063
Cash & Cash Equivalents	20	6,720	10,660
Total current assets		<u>8,496</u>	<u>12,723</u>
Less: Creditors: amounts falling due within one year	17	<u>(5,730)</u>	<u>(7,705)</u>
Net current assets		<u>2,766</u>	<u>5,018</u>
Total assets less current liabilities		<u>76,262</u>	<u>74,111</u>
Less: Creditors: amounts falling due after more than one year	18	<u>(32,949)</u>	<u>(33,675)</u>
		<u>43,313</u>	<u>40,436</u>
Provisions			
Pension Provision	21	<u>(2,916)</u>	<u>(5,050)</u>
Net Assets including pension liability		<u><u>40,397</u></u>	<u><u>35,386</u></u>
Unrestricted Reserves			
Income and expenditure reserve		6,368	8,192
Pension Reserve		(2,916)	(5,050)
Revaluation Reserve		36,945	32,244
TOTAL		<u><u>40,397</u></u>	<u><u>35,386</u></u>

The financial statements on pages 39 to 73 were approved by the Governing Body of the North West Regional College on 14th November 2018 and were signed on its behalf by:


Mr G Finnegan
Chairman of Governing Body
North West Regional College


Mr L Murphy
Accounting Officer
North West Regional College

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

Cashflow Statement

**NORTH WEST REGIONAL COLLEGE
CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2018**

	Notes	2018 £'000	2017 £'000
Cash inflow/(outflow) from operating activities			
Surplus/(Deficit) for the year		(3,508)	(1,196)
Adjustment for non-cash items			
Depreciation	13	2,935	2,862
Decrease/(increase) in debtors	16	338	620
Increase/(decrease) in creditors	17	(2,080)	649
NILGOSC FRS 102 (28) Pension Adjustment		725	732
Adjustment for investing or financing activities			
Interest Receivable	7	(53)	(81)
Interest payable	11	979	1,059
Deferred Capital Grants release	2	(1,543)	(1,435)
Net cash inflow from operating activities		(2,207)	3,210
Cash flows from investing activities			
Proceeds from sale of fixed asset		3	-
Investment interest		76	89
Payments made to acquire fixed assets		(1,678)	(1,823)
Capital Grants Received		1,603	2,163
		4	429
Cash outflows from financing activities			
Interest element of finance lease and service concession payments	11	(979)	(1,059)
Capital element from lease	15	(758)	(644)
Increase/(Decrease) in cash and cash equivalents in the year	20	(3,940)	1,936
Net funds at 1 August 2017		10,660	8,724
Net funds at 31 July 2018		6,720	10,660

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.

Notes to the Financial Statements

1. STATEMENT OF ACCOUNTING POLICIES

Statement of Accounting Policies

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

Basis of Preparation

These financial statements have been prepared on a going concern basis in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit entity requirements of FRS102.

The Financial Statements are prepared in accordance with the historical cost convention except that certain freehold properties are shown at their re-valued amounts.

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

Basis of Accounting

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

Going Concern

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

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

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

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Recognition of Income

Government Grants (accruals model)

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

Tuition Fees

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

Non-Government Grants

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

Interest

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

Capital Grants (non land grants) (accruals model)

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

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

Capital Grants (land grants)

Capital government grants for land are accounted for in accordance with the performance model which results in the recognition of the capital grant on receipt.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Pension Scheme

The two principal pension schemes for the College's staff are the Northern Ireland Teachers' Pension Scheme (NITPS) and the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) defined benefit schemes, which are externally funded and contracted out of the State Earnings Related Pension Scheme. National Employment Savings Trust (NEST) is a defined contribution workplace pension scheme which was set up to facilitate Automatic Enrolment as part of the workplace pension reforms under the Pensions Act 2008.

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

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

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

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

Tangible Fixed Assets

- **Land and Buildings**

Land and buildings (including those inherited from the Education and Library Board) are stated in the balance sheet at valuation on the basis of depreciated replacement cost (inclusive of non-recoverable VAT), as the open market value for existing use is not readily obtainable. 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 re-valued amount is released to the income and expenditure account reserve on an annual basis.

Land and buildings acquired since the last valuation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 11 and 50 years. The depreciation charge on buildings is based on the opening net book value. Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis which is consistent with the depreciation policy.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

- **Assets in the course of construction**
Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2018. They are not depreciated until they are brought into use.
- **Assets other than land and buildings**
Assets other than land and buildings costing less than £3,000 per individual item are written off to the income and expenditure account in the period of acquisition. Assets other than land and buildings inherited from the Education and Library Board are included in the balance sheet at valuation. All other assets are capitalised at cost.

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

Computers	- three years
Motor vehicles	- four years
Plant and Equipment	- five years
Fixture and Fittings	- six years
Other PFI assets	- various

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

Private Finance Initiative

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

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

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

Leased Assets

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

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

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Investment Property

Fixed asset investments are measured at fair value with any changes in fair value being recognised immediately in the Statement of Comprehensive Income and Expenditure.

Intangible Assets

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

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. The formula used to calculate the partial exemption rate is based on a method approved by HMRC.

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 Hardship Funds and Care to Learn. Related payments received from DfE and subsequent disbursements to students are excluded from the Statement of Comprehensive Income and Expenditure and are shown separately in Note 26, except for £1k and Hardship Funds received which is available to the College to cover administration costs relating to the grant. The College employs 1.75 members of staff dedicated to the administration of the Hardship fund applications and payments.

2. DEPARTMENT FOR THE ECONOMY INCOME

	2018	2017
	£'000	£'000
Grant in Aid Received from DfE		
Recurrent grant	22,512	22,672
Release of deferred capital grant	1,543	1,435
Skills Focus	276	239
Minor Works	28	99
Employer Support Program	272	198
Private Finance Initiative	1,556	1,603
Additional Support Funds	450	445
Voluntary Exit Scheme Funds (VES)	252	526
Pension Pressures	-	280
Procurement Funding	-	14
Inescapables Funding	-	181
Grant In Aid Items	26,889	27,692

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

As a result of this, various items (Skills Focus, Employer Support Program, PFI, Additional Support Funds) of Grant in Aid Income included in the above note are no longer being received as separate income streams from the DfE as of 1 April 2018.

Such income streams were received by the College separately from the DfE for 8/12 months of the Financial Year and subsequently included within the recurrent grant for the remainder of the year.

2. DEPARTMENT FOR THE ECONOMY INCOME (CONTINUED)

	2018	2017
	£'000	£'000
Non-Grant in Aid received from DfE		
Educational Maintenance Allowance administration	23	29
Curriculum Development Specialist	-	(6)
Future Skills	-	5
Higher Level Apprenticeships	173	280
Youth Training Pilot	463	930
Project Based Learning Mentoring	-	9
Worldskills	5	5
Essential Skill Change Funding	16	16
DLHE Survey Reimbursement	4	-
Sector Development Funding	22	25
Bemis	-	31
FE Systems, Technology & Services Project	230	57
	<hr/>	<hr/>
Non-grant in Aid Items	936	1,381
	<hr/>	<hr/>
Total DfE income	27,825	29,073
	<hr/> <hr/>	<hr/> <hr/>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

3. EDUCATION CONTRACTS	2018	2017
	£'000	£'000
Entitlement Framework	551	570
Training for Success	2,592	2,070
Into Work	23	83
Total	3,166	2,723
4. TUITION FEES AND CHARGES	2018	2017
	£'000	£'000
Higher Education (HE) Income	1,737	1,860
Further Education (FE) Income	879	1,123
Total	2,616	2,983
<i>Included within the above amounts are amounts which fund bursaries of £139k (2017: £116k)</i>		
5. OTHER GRANT INCOME	2018	2017
	£'000	£'000
European Funds	475	344
Other Funds	667	541
Total	1,142	885
6. OTHER OPERATING INCOME	2018	2017
	£'000	£'000
Catering and residence operations	173	178
Other income generating activities	1,004	831
Other income	61	154
Total	1,238	1,163
7. INVESTMENT INCOME	2017	2017
	£'000	£'000
Other interest receivable	53	81
Total	53	81

8. STAFF COSTS

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

	2018	2017
	Number	Number
Teaching	327	334
Support	66	63
Administration	156	140
Premises	22	22
	<hr/>	<hr/>
Total	571	559
	<hr/> <hr/>	<hr/> <hr/>
Staff costs for the above persons:	2018	2017
	£'000	£'000
Teaching	12,970	13,810
Support	1,785	1,695
Administration	5,441	4,936
Premises	578	562
FRS 17 Adjustment (see Note 21)	606	532
	<hr/>	<hr/>
	21,380	21,535
Voluntary Exit Scheme costs	265	597
	<hr/>	<hr/>
Total	21,645	22,132
	<hr/> <hr/>	<hr/> <hr/>
	2018	2017
	£'000	£'000
Wages and salaries	16,451	16,498
Social security costs	1,556	1,593
Movement in Pension	606	532
Other pension costs	2,767	2,912
	<hr/>	<hr/>
	21,380	21,535
Voluntary Exit Scheme costs	265	597
	<hr/>	<hr/>
Total	21,645	22,132
	<hr/> <hr/>	<hr/> <hr/>

8. STAFF COSTS (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	
	2018 No.	2017 No.	2018 No.	2017 No.
£60,001 to £70,000	-	-	12	9
£70,001 to £80,000	-	1	-	-
£80,001 to £90,000	1	-	-	-
£90,001 to £100,000	3	4	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	1	1	-	-
£130,001 to £140,000	-	-	-	-
	5	6	12	9

The number of senior post-holders included above has decreased from 6 to 5 as Calum Morrison left on 31st August 2017 and his emoluments for 2017/18 did not fall within these ranges.

Support staff received a 1% pay rise during the year.

9. SENIOR POST-HOLDERS' EMOLUMENTS

Senior post holders are defined as the Principal & Chief Executive and holders of the other senior posts whom the Governing Body has selected for the purposes of the articles of government of the College relating to appointment and promotion of staff who are appointed by the Governing Body. Senior Post Holders do not, for the purposes of this note, include remunerated non-executive Governing Body members.

	2018 Number	2017 Number
The number of senior post-holders including the Principal & Chief Executive was:	4	5
<i>David Kinnaird is on secondment from NWRC to DfE effective from April 2017.</i>		
Senior post-holders' emoluments are made up as follows:	2018 £,000	2017 £'000
Salaries	434	452
Pension contributions	78	83
Total Emoluments	512	535

9. SENIOR POST-HOLDERS' EMOLUMENTS (CONTINUED)

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

	2018	2017
	£'000	£'000
Salaries	111	111
Benefits in kind	-	-
	<u>111</u>	<u>111</u>
Pension contributions	19	19
	<u>19</u>	<u>19</u>
Total	<u>130</u>	<u>130</u>

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

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

10. OTHER OPERATING EXPENSES

	2018	Restated 2017
	£'000	£'000
Direct Teaching	562	731
Direct Support	2,648	2,684
Administration	2,447	2,490
Premises	3,864	4,504
Unitary payments under PFI contract	1,334	1,442
	<u>10,855</u>	<u>11,851</u>
Interest and Other Finance Costs	119	200
Interest element of Finance Lease	979	1,059
	<u>979</u>	<u>1,059</u>
Total	<u>11,953</u>	<u>13,110</u>
Other operating expenses include:		
Auditors' remuneration		
- external audit	20	20
- internal audit	16	20
- other services provided by internal auditors	1	6
Remuneration of Governing Body members	48	48
Hire of other assets-operating leases	17	30
	<u>102</u>	<u>124</u>
	<u>102</u>	<u>124</u>

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

11. INTEREST AND OTHER FINANCE COSTS	2018	2017
	£'000	£'000
On finance leases	979	1,059
Net charge on pension scheme	119	200
Total	1,098	1,259

12. TAXATION

The members do not believe the College was liable for any corporation tax arising out of its activities during this period.

**NORTH WEST REGIONAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

13. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings	PFI Assets	Plant and Equipment	Computers	Fixtures & Fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Cost or valuation</u>							
At 1 August 2017	57,289	11,624	3,895	2,327	305	204	75,644
Additions	1,040	253	172	46	-	-	1,511
Revaluations	4,795	865	-	-	-	-	5,660
Write back Depreciation on Revaluation	-	-	-	-	-	-	-
Disposals	-	-	(64)	-	-	(16)	(80)
At 31 July 2018	63,124	12,742	4,003	2,373	305	188	82,735
<u>Depreciation</u>							
At 1 August 2017	-	1,753	2,559	1,754	305	180	6,551
Charge for the year	1,771	451	407	298	-	8	2,935
Revaluations	-	-	-	-	-	-	-
Disposals	-	-	(64)	-	-	(16)	(80)
At 31 July 2018	1,771	2,204	2,902	2,052	305	172	9,406
Net Book Value							
At 31 July 2018	61,353	10,538	1,101	321	-	16	73,329
Net Book Value							
At 31 July 2017	57,289	9,871	1,336	573	-	24	69,093

13. TANGIBLE FIXED ASSETS (CONTINUED)

Land and buildings were last subject to a full revaluation in July 2017 on a depreciated replacement cost basis. The valuations were performed independently by Land and Property Services. These revaluations have been incorporated into the financial statements by applying indices at 31 July 2018 and the resulting revaluation adjustments have been taken to the revaluation reserve.

If inherited land and buildings had not been re-valued they would have been included at the following amounts:	2018 £'000	2017 £'000
Cost	-	-
Aggregate depreciation based on cost	-	-
Net book value based on cost	<u>-</u>	<u>-</u>
The depreciation charge for the year is analysed as follows:		
	£'000	£'000
Owned assets	2,484	2,410
PFI assets	451	452
	<u>2,935</u>	<u>2,862</u>

14. INTANGIBLE FIXED ASSETS

	Asset Under Construction £'000	Total £'000
Cost or Valuation At 1 August 2017	-	-
Additions	167	167
Disposals At 31 July 2018	-	-
	<u>167</u>	<u>167</u>
Amortisation At 1 August 2017	-	-
Charge for the Year At 31 July 2018	-	-
	<u>-</u>	<u>-</u>
Net book value at 31 July 2018	<u>167</u>	<u>167</u>
Net book value as at 31 July 2017	<u>-</u>	<u>-</u>

The net book value of the intangible asset under construction is a jointly owned and controlled asset among the six Further Education Colleges of Northern Ireland of which North West Regional College is the lead College. 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 of the Economy - the College pays all the invoices and claims funding from DfE. Each college then shows one sixth of the cost in their financial statements. The total cost is estimated at £2,263k.

15. SERVICE CONCESSION ARRANGEMENTS

The College has 1 on balance sheet arrangements where service delivery has commenced.

Movement in service concession arrangement assets

The asset value of the service concession included in the balance sheet as at 31 July 2018 is £10,538k (2017: £9,871k). See Note 13.

Movement in service concession liabilities

The total liabilities relating to the service concession included in the balance sheet as at 31 July 2018 were £7,097k (2017: £7,854k). The sum of £758k 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 in 2-5 years	Payable in 6- 10 years	Total
	£'000	£'000	£'000	£'000
Liability repayments	839	4,806	1,452	7,097
Finance charge	932	932	445	4,010
Service charge	1,442	6,108	5,825	13,375
	3,213	13,547	7,722	24,482

16. TRADE & OTHER RECEIVABLES

	2018	2017
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	83	39
Other receivables	95	140
Prepayments and accrued income	1,388	1,644
Total	1,566	1,823
Amounts falling due after one year:		
Surplus land receivable arising on PFI contract*	210	240
Total Receivables	1,776	2,063

*The value of the surplus land given to the PFI operator as part of the contract is estimated at £750,000. It is assumed that the surplus land debtor is being recovered over the period of the PFI contract of 25 years (£30,000 per annum).

17. CREDITORS: AMOUNTS FALLING DUE IN LESS THAN 1 YEAR

	2018	2017
	£'000	£'000
Service concession arrangements	839	758
Trade creditors	289	1,503
Taxation and social security	566	615
Accruals and deferred income	4,036	4,829
	<u>5,730</u>	<u>7,705</u>

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.

	2018	2017
	£'000	£'000
Grant income	534	243
Other income	337	164
Total	<u>871</u>	<u>407</u>

18. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR:

	2018	2017
	£'000	£'000
Deferred income	26,691	26,579
Service concession liabilities due after one year	6,258	7,096
Total Creditors after one year	<u>32,949</u>	<u>33,675</u>

19. PROVISIONS FOR LIABILITIES AND CHARGES

There were no provisions in the year.

20. CASH AND CASH EQUIVALENTS

	As 1 August 2017	Cash Flows	At 31 July 2018
	£'000	£'000	£'000
Cash and Cash equivalents at 31 July 2018	10,660	(3,940)	6,720

21. PENSION AND SIMILAR OBLIGATIONS

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

National Employment Savings Trust (NEST) is a defined contribution workplace pension scheme which was set up to facilitate Automatic Enrolment as part of the workplace pension reforms under the Pensions Act 2008.

Total pension cost for the year	2018	2017
	£'000	£'000
NITPS: contributions paid	1,787	1,841
NILGOSC: Contributions paid	980	1,071
NILGOSC: FRS 17 Adjustments	606	532
NILGOSC: Charge to the Statement of Comprehensive Income & Expenditure	1,586	1,603
Total Pension Cost for Year	3,373	3,444

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 2012 and NILGOSC was 31 March 2016.

21. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

NITPS

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

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

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

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

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

Salary	
Up to £26,259	7.4%
£26,260 to £35,349	8.6%
£35,350 to £41,914	9.6%
£41,915 to £55,549	10.2%
£55,500 to £75,749	11.3%
£75,750 and above	11.7%

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

21. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

NILGOSC

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

The following information is based upon a full actuarial valuation of the NILGOSC fund at 31 March 2016 updated to 31 July 2018 by a qualified actuary.

	At 31 July	At 31 July
Principal actuarial assumptions		
Principal actuarial assumptions at Balance Sheet date are as follows:	2018	2017
	%	%
Rate of increase in salaries	3.6	3.5
Rate of increase for pensions in payment/inflation	2.1	2.0
Pension accounts revaluation rate	2.1	2.0
Discount rates for scheme liabilities	2.8	2.6

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	At 31 July
	2018	2017
Retiring today		
Males	23.3 years	23.2 years
Females	25.9 years	25.8 years
Retiring in 20 years		
Males	25.5 years	25.4 years
Females	28.2 years	28.1 years

21. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

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

	Asset Allocation at 31 July 2018	Value at 31 July 2018	Asset Allocation at 31 July 2017	Value at 31 July 2017
	%	£'000	%	£'000
Equities	61.1	18,376	74.2	19,459
Bonds	22.9	6,887	11.1	2,911
Property	10.2	3,068	9.9	2,596
Cash	4.0	1,203	3.8	997
Other	1.8	542	1.0	262
Total Market Value of Assets		30,076		26,225

	2018	2017
	£'000	£'000
Amounts recognised in the balance sheet		
Fair value of plan assets	30,076	26,225
Present value of scheme liabilities	(32,992)	(31,275)
Deficit in the scheme (Net pension liability recorded within pension provisions)	(2,916)	(5,050)

Amounts recognised in the Statement of Comprehensive Income and Expenditure in respect of the plan are as follows:

	2018	2017
	£'000	£'000
Amounts included in staff costs		
Current service cost	1,574	1,377
Past service cost	12	226
Total operating charge	1,586	1,603

	2018	2017
	£'000	£'000
Analysis of pension finance income / (costs)		
Interest income on assets	(694)	(583)
Interest cost	813	783
Net charge	119	200

21. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

Analysis of Other Comprehensive Income and Expenditure for Pensions

	2018	2017
	£'000	£'000
Actuarial gains/(losses) on pension scheme assets	2,226	851
Actuarial gains/(losses) on scheme liabilities	<u>633</u>	<u>3,707</u>
Total Other Comprehensive Income and Expenditure	<u>2,859</u>	<u>4,558</u>

Movement in deficit during the year

	2018	2017
	£'000	£'000
Deficit in scheme at 1 August 2017	(5,050)	(8,876)
Movement in the year:		
Current service cost	(1,574)	(1,377)
Employer contributions	980	1,071
Past service cost/gain	(12)	(226)
Net interest	(119)	(200)
Actuarial gain or (loss) recognised in other Comprehensive Income and Expenditure	<u>2,859</u>	<u>4,558</u>
Deficit in scheme at 31 July 2018	<u>(2,916)</u>	<u>(5,050)</u>

Asset and Liability Reconciliation

	2018	2017
	£'000	£'000
Reconciliation of Liabilities:		
Liabilities at start of period	31,275	32,672
Service cost	1,574	1,377
Interest cost	813	783
Employee contributions	307	271
Actuarial (gain)/loss	(633)	(3,707)
Benefits paid	(356)	(347)
Past service cost	<u>12</u>	<u>226</u>
Liabilities at end of period	<u>32,992</u>	<u>31,275</u>

21. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

	2018	2017
	£'000	£'000
Reconciliation of Assets:		
Assets at start of period	26,225	23,796
Interest Income	694	583
Actuarial (loss)/gain	2,226	851
Employer contributions	980	1,071
Employee contributions	307	271
Benefits paid	(356)	(347)
	<hr/>	<hr/>
Assets at end of period	30,076	26,225
	<hr/>	<hr/>

The estimated value of employer contributions for the year ended 31 July 2018 is £980k.

22. POST BALANCE SHEET EVENTS

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

23. CAPITAL COMMITMENTS

	2018	2017
	£'000	£'000
Commitments contracted for at 31 July 2018	-	42
	<hr/>	<hr/>

PFI Contract

Capital repayments will be made over a 25 year period and will be funded by DfE. The PFI contract with Northwin Limited for the Northland Building commenced in February 2001 and will cease in January 2026.

24. FINANCIAL COMMITMENTS

At 31 July 2018 the College had annual commitments under non-cancellable operating leases as follows:

	2018	2017
	£'000	£'000
LESSEE:		
Land and Buildings:		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
	<u>-</u>	<u>-</u>
OTHER:		
Expiring within one year	13	-
Expiring within two and five years inclusive	-	30
Expiring in over five years	-	-
	<u>13</u>	<u>30</u>
LESSOR:		
Land and Buildings		
Expiring within one year	-	2
Expiring within two and five years inclusive	34	5
	<u>34</u>	<u>7</u>

25. RELATED PARTY TRANSACTIONS

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

<u>Paid / Payable</u>	2018	2017
Company	£'000	£'000
Noribic	-	-
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>
Amounts Outstanding	2018	2017
	£'000	£'000
Noribic	-	-
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>
Company	2018	2017
	£'000	£'000
Noribic	0	2
	<u>0</u>	<u>2</u>
	<u><u>0</u></u>	<u><u>2</u></u>
Amounts Outstanding	2018	2017
	£'000	£'000
Noribic	-	-
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

Noribic is a Not for Profit Business Innovation Centre who provide mentoring and business coaching to SME's, Micro Businesses and Start-Ups. Noribic was dissolved on 12 December 2017.

L Murphy, current Principal, became the FE Representative on the Noribic Board on 10 December 2014 until date of dissolution.

26. AGENCY ARRANGEMENTS

	2018	2017
	£'000	£'000
(a) Support Funds		
DEL/DfE grants	419	482
Interest earned	-	-
	<u>419</u>	<u>482</u>
Disbursed to students	(419)	(473)
Audit fees	-	-
	<u>-</u>	<u>9</u>
Balance unspent at 31 July 2018	-	9

Support funds are available solely for students; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income and Expenditure.

	2018	2017
	£'000	£'000
(b) Care to Learn		
DfE Grants	34	35
Disbursed to Childcare Providers	(34)	(35)
	<u>-</u>	<u>-</u>
Balance unspent at 31 July 2018	-	-

The scheme addresses the need to provide childcare support for parents under the age of 20. The College acts only as a paying agent therefore the grants and related disbursements are excluded from the Statement of Comprehensive Income and Expenditure.

27. LOSSES & SPECIAL PAYMENTS

The College had no losses or special payments during the year.

28. THIRD PARTY ASSET

The College holds a bank account on behalf of the Students' Union and at 31 July 2018 the balance in the account was £12.8k (£11.9k at 31 July 2017). This is not a North West Regional College asset and is therefore not included in these financial statements.

29. CONTINGENT LIABILITY

The College has a possible obligation in relation to outstanding pay revalorisation (cost of living increases) for those staff who are contracted under the "Contract for Lecturers" and Other Senior Staff.

The possible obligation relates to the following periods 2015/16, 2016/17 and 2017/18, with the main issue of uncertainty being affordability.

It is not possible to make a reliable estimate of the financial effect of the possible obligation as at 31 July 2018.

28. 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	2018 £'000	2017 £'000
INCOME			
DfE income (non grant-in-aid items)	2	936	1,381
Education contracts		3,166	2,723
Tuition fees and charges		2,616	2,983
Other grant income		1,142	885
Other operating income		1,238	1,163
Endowment and Investment income		53	81
Total incoming resources		9,151	9,216
EXPENDITURE			
Staff costs		21,380	21,535
Fundamental restructuring costs		265	597
Other operating expenses		10,855	11,851
Depreciation/Loss on disposal of fixed assets		2,932	2,862
Exceptional DfE Repayment		3,018	-
Interest and other finance costs		1,098	1,259
Total resources expended		39,548	38,104
Net deficit for the year		(30,397)	(28,888)
Unrealised surplus on revaluation of land and buildings		5,660	1,891
Actuarial gain/(loss) in respect of pension scheme		2,859	4,558
Amount transferred to reserves		(21,878)	(22,439)
Analysis of reserves prepared under FReM			
		2018 £'000	2017 £'000
Balance at 1 August 2017		35,386	30,133
Grant-in-aid received in year	2	26,889	27,692
Net operating cost for year		(21,878)	(22,439)
Balance at 31 July 2018		40,397	35,386



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