**Minutes of the 13th Meeting of the Finance and General Purposes Committee held on Thursday 2 May 2019, at GTCNI, Albany House, Great Victoria Street, Belfast**

**Present:** Clive Bowles (Chair), Paul Boyle, David Canning, Delma Boggs

**Apologies:** Gillian Dunlop, Paul O’Doherty

**In Attendance:** Sam Gallaher (CEO), Majella Matthews

(Corporate Services) (MM), Gerry Devlin (SEO) (GD), Sima Gondhia (Temporary Finance Accountant) (SG), Lesley Dickson (LD) PA

**Observers:** Brendan Morgan (BM) and Raymond Beggs (RB)

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| 1. **Welcome, Introduction and Apologies**   The Chair welcomed all members to the 13th meeting of the Finance and General Purposes Committee meeting. Apologies were noted and BM and RB were welcomed to the meeting as observers.     1. **Declarations of Interest**   RB declared that as a member of ARAC he would take no part in discussions or decisions at today’s meeting. There were no other declarations of interest.     1. **Minutes**   Members reviewed the Minutes of the F&GP meeting of Monday 25 February 2019. The Chair asked for a change under Section 5 to say that he had said that the Committee should present the picture to Council as it is and highlight the possible need for an increase in fees. The rest of the minutes were confirmed for the content for accuracy and completeness.  Proposed: DC  Seconded: CB   1. **Matters Arising**   None.   1. **Finance Update (F&GP/19/13/P01)**   MM took members through this paper for the Finance Update to 31 March 2019. She advised that this covers the range of issues throughout the year and summarises the financial outturn.  Members were advised that the DE allocation had not changed for the past 3 years but that it was possible to bid for funds in a monitoring round, though there is no guarantee of approval. She highlighted that it was important to note that the Council ended the year with a £76,000 surplus.  The CEO asked members to note that Column B is not the actual budget as was at the outset of 18/19 as the forecast budget is adjusted throughout the year and that these figures were based on the January forecast.  MM explained variances and advised members that the draft budget received from DE for this year (19/20) is the same as last year. Members noted that the corresponding budget scenarios were based on the assumption that core functions must be prioritised, that regulatory work is expensive and with the flat-lining income the Council may struggle to support the delivery of these functions in a relatively short period of time.  MM highlighted the reserves available at 31 March 2019 and the forecast to 31 March 2020, advising that depending on what direction the Council takes and what it does, the reserves will decrease.  The CEO informed members that the lease on Albany House expires next in March 2020, although there is an option to stay, the Council may need to explore new premises.  The Chair advised members of the premises which had been previously been offered to the Council which were not of a satisfactory standard.  The CEO said that there was a need for value for money and added that DE had rules about meterage of office space based on staffing and grade.  BM asked as a point of information if the allocation for the regulation reserve was always 250,000.  MM answered that it had been higher but upon review it was reduced to 250,000 as this would cover a judicial review and that the Council also had insurance cover.  BM enquired how long it had been at this level and the CEO replied that it had been approximately 6 months. The matter had been discussed with the other GTCs and it was prudent to hold a contingency sum to cover for any unforeseen regulation costs.  BM asked about the prior amount and the CEO advised that because of regulation the Council needs to keep this as a reserve. There could be possible pressures on cashflow. The amount suggested as a contingency reserve is in line with that of the other regulatory bodies. This of course will be kept under review.  The SEO advised that some cases can go on for quite a few weeks.  BM asked which Committee this decision went through.  MM advised it would be brought to this Committee and then Council.  The CEO said it was for the Council to decide what the figure should be. SMT had looked at it and this is what they think is prudent.  BM asked if this was a proposal.  The CEO advised that the purpose of this meeting was to discuss the budget and outline to members what the reserves breakdown should look like.  MM highlighted the taxation status in relation to HMRC and the Charities Commission.  She advised that as a consequence of HMRC and CCNI’s decisions the Council has been advised by Land and Property Services (L&PS) that it is likely to be liable to commercial rates effective from 23 November 2017. The relevant information to allow L&PS to confirm a position has been supplied and officers await their formal written response. A potential liability of £24k has been provided for in preparing the 2018-19 draft Annual Accounts. She directed members to the attached letter from HMRC.  MM informed members that the Council may have a liability for commercial rates and it is likely that we will have to pay these and this is reflected in the prepared accounts.  She informed members that there would be a close off meeting with BTMM tomorrow and DC congratulated those involved in this work.  **10. Internal Audit – Review of Procurement & Contracts**  **F&GP-19-13-P04**  MM directed members to the section on Internal Audit, advising that this was within the remit of the ARAC, although this Committee would have an interest in some items.  MM highlighted the work which Internal Audit have completed including: Financial Systems; Governance and Risk Management; Procurement and Contracts Management and the follow up of outstanding audit recommendations.  She informed members that HR Policy and Information Management received satisfactory recommendations.  Procurement and Contracts received a limited recommendation and MM highlighted copies of the reports which were included with the papers.  ***The meeting moved to Paper 05****.*  **10. Internal Audit - Review of Financial Systems – Final**  **F&GP-19-13-P05**  MM discussed how invoices were posted to SAGE and the process for doing this. She advised that we were given a Priority 3 and said that she had advised the Auditors that our way of posting is a common approach adopted by organisations at month/year end.  PB enquired if the Council had any DACS.  MM advised that there were 3 at the moment.  MM also informed members that the Auditors had advised (Priority 3) that a date was needed on all invoices.  In relation to Petty Cash it was noted that a member of staff had borrowed money to pay for a taxi. This had been authorised as the person had a disability. The auditors had indicated that this should have been paid through a travel and subsistence claim.  ***Members continued with P01.***  On procurement and contracts management the CEO discussed the potential for conflicts of interest which staff should be aware of if they are involved in procurement and if there is any conflict this should be declared.  MM advised that in future this conflict of interest declaration will be embedded in our processes and staff would be reminded of their responsibilities.  BM enquired if the Council had ever done this previously and MM advised that this had never arisen before. She said that a form of words could be embedded in the business case to declare conflict of interest or no conflict of interest. Members were advised that this problem had never arisen with any of the staff.  DC said that there was a weakness in the Auditing system when organisations are not informed of processes being changed.  MM said that conflicts of interest would be covered in training for staff and possibly Council.  MM advised members that Auditors had picked up 3 payments in relation to the CEO’s communication which had been carried out. No business case had been prepared to cover the items of expenditure and this was deemed to be irregular. Management have accepted the findings and a retrospective business case has been prepared.  BM asked if the £11,680 related to the letter regarding the survey.  The CEO advised that he had made the assumption that members of staff handling the associated purchasing elements had completed a business case as part of the purchasing. He had now completed a business case.  The Chair asked if the business case could be produced for Council. The CEO informed members that the expenditure was within the delegated limits set within the MSFM and if the Council requested to see business cases, he could see no problem with this. The Chair said that sight of the business case may alleviate any concerns the Council may have.  BM enquired if the delegated limits cover any expenditure and is there specific expenditure limits. The CEO advised that the limit for IT is £5,000 and £30,000 for other items approved by himself.  BM asked if the business case should have gone to Council. MM advised that the CEO has a delegated limit of up to £30,000 and that business cases must be done for all purchases. She pointed out that the MSFM stated that business cases must be done in advance. What is on the business plan is monitored by Committees and Council and it is the up to the Committee to decide if a particular business case should go to Council.  PB enquired if it could be determined what level of expenditure should go to Council. The Chair advised that this should really go to F&GP. MM advised that it is detailed in the ToRs as to what goes to Committees and said that if in doubt it is best to bring matters to the Committee or Council. DC indicated that this has to be at operational level decision and MM directed members to the business cases included in the paper.  BP asked there were business detailed cases for everything and MM said that it is proportionate.  The CEO said that he can assure members that systems were not being overridden and that the case in question was genuine oversight.  BM added that it was a tidying up issue.  The CEO said when the auditors brought the matter to attention the situation which was an oversight had been rectified.  The Chair added that policies and processes should be tightened up so that this does not happen again.  BM enquired if no one had flagged this up. The CEO reiterated his previous response. BM expressed concern that it had not been flagged up by anyone. The CEO indicated that he didn’t expect this matter to happen again.  MM directed members to a copy of the Contracts Register which was included in the papers, advising that the purpose of the register is to show companies that we are contractually bound to. She said that there were a few that we had to go to open market for, indicating that if the cost is over £5,000 it should go to procurement.  MM highlighted the table of cash balances to members and discussed the different bank accounts to try to get the best rates of interest. She then directed members to the table on Income and Expenditure at 31.3.2919.   1. **Analysis of Budget Options 2019-20 to 2021-21**   **F&GP-19-13-P02**  The purpose of the paper is to inform and assist members in evaluating possible budgetary options available to Council in the light of the need to develop a 3 year Corporate Plan and strategic objectives against a backdrop of flat-lining fee income, increased costs due to commencing to regulate and a relatively small approved budget allocation from DE for 2019-20.  The CEO discussed the flat-lining income and said the trend is likely to continue. He said that the organisation needs to move forward to fulfil its full remit but to do that consideration will have to be given to the use of reserves to support operational activity. The Department had expressed concern as the level of cash reserves would expect these to be run down. The Council however has contingent liabilities that it needs cover. He said that at some point in the future the Council will need to consider. He asked the Committee to consider the paper ahead of further discussion on the Corporate Plan at Council. He added that this paper is important and may also go to the PRRC and HR committees.  MM took members through the each demonstrated Option.  The CEO said that in summary that fee income is circa £1.2m and DE had in the 19/20 allocated budget allowed Council expenditure of circa £1.3m.  The CEO took members through the background to each Option and stated that there is no stated requirement to raise fees. He advised that Option 3 would allow the Council to move forward in a measured way fulfilling all statutory remits while other Options would see the organisation significantly cut back activity associated with policy and promoting teacher professionalism.  MM advised that Option 4 is a variation on Option 3 as it includes a full staff restructure along the lines outlined which would result in a projected budget deficit of £314,000 in19/20.  Option 5 simulates the impact of applying an increase in fees to that in other parts of the UK (£70) in three years time. Under this scenario the Council could replenish its reserves to an acceptable level within a further 2 years.  Members discussed the options.  The CEO said that of course sources of funding other than registration fees could be explored. He said these scenarios showed Council could contract and live within allocated budgets or seek to move forward in a measured way through use of reserves. The latter of course would be subject to DE approval. He indicated that SMT were inclined towards the direction of Option3.  BM said that all options are based on regulation going ahead. Would it not be prudent to run on option if regulation did not go ahead.  MM directed his to the table and said we could break even.  The CEO advised that the Council agreed an approach in January and have secured a legal team and raised points for clarification that presently being considered. It would however be prudent to plan strategically on the basis that Council will be regulating. The matter here is the intended direction over the life of the plan. There is always a risk that regulation may stop as out operating context is dynamic and adjustments in-year and year on year will be made accordingly, but the Council cannot plan on the assumption that regulation won’t happen. Current matters will work through PRRC and we will see how things progress.  BM said if it was the case that regulation wasn’t to progress then there would be no urgency to consider other options. The CEO advised that whilst there may be no urgency to consider income in the short to medium term the organisation will still have to accommodate inflationary costs. It is just that regulation exacerbates the financial pressures.  BM added that if an increase was to be imposed then teachers would be better seeing if there was an issue. The CEO stated that in Option 3 there is no need to address fees over the 3 years. The unknown quantities are regulation activity (and costs) and annual inflationary costs. He said that he did not think it is in the Council’s interest to have an organisation that contracts.  The Chair advised that there are 5 options which need to be explored and that a decision will have to be made at some stage.  The CEO advised of the need for the Council to have a Corporate Plan and in setting direction assumptions have to be made. Of course, situations may change but we are indicating a direction of travel and intent. It is the Council’s responsibility to set the strategic direction for the organisation. He added that he was looking to this Council to sign off the Corporate Plan or it would be left to the new Council and it could be end of the year before it is agreed.  DC indicated that there are a lot of variables which the Council cannot control. There is a need to understand that things can vary and that the Committee should pick a ‘best fit’. Then they can watch for variables and then it will know what areas to revisit.  PB enquired about making temporary posts permanent.  The CEO said that the Council needs a settled structure to take forward the goals of the Corporate Plan. For example most of the Corporate Services staff are on temporary arrangements and it is not a good situation as the Council has to keep seeking approval from the Department for extensions. Making these people permanent would improve structure for taking the organisation forward.  DB asked if there was a need for a full-time or part-time Comms Manager. The CEO advised that the Council is investing in a website which feedback indicates few teachers ever visit. It doesn’t follow that building a new website in itself will change things. The organisation does little at present to engage with the profession, to promote best practice and engage with stakeholders and direct traffic to its website. Most of our twitter activity is re-tweet and in his opinion much of the good work isn’t being communicated effectively as necessary resources aren’t there. At present there is a communications vacancy and the proposal is to a different skillset into this role.  BM asked if there was a job specification for the new post. The CEO advised that job descriptions associated with staff changes was a work in progress.  BM enquired if the business case would go to any Committee and the CEO advised that it would be sent to the HR Committee, Council and the Department.  BM asked if this Job Description could be marketed to Council. The CEO said that he could set out the key responsibilities of this role.  The Chair asked if members were suggesting Option 3.  BM advised that the Council will need proposals for structure set out on paper. The CEO said the structure would reflect the goals and direction set by Council for the next 3 years.  PB said that any marcomms role should have a remit and focus on business development as the Council should be open to other sources of funding.  The Chair asked PB which option he preferred.  PB said Option 3.  DB said that at first she had considered Option 1.The CEO then explained that the organisation would have to contract. He advised that a lot of work had going into the preparation of this paper and that important decisions need to be taken. She was moving towards Option 3.  BM asked what the consensus was of the meeting of the Committee Chairs.  DC said it was obvious from discussions that it was not Option 4 or 5 but no decision was taken. There is a view that if the Council is an NDPB it should not have significant reserves and should operate on the basis of what Treasury gives.  BM said it was difficult to do anything if you have no money in the bank account and have to ask for more money. He said things have to be balanced. The CEO said there would be more engagement with teachers.  The Chair said that Options 4 and 5 are out so Options 1 and 3 could be considered. He said this should go to other Committees and then be brought to Council.  DB enquired about termination of contracts and MM explained.  Proposed: PB  Seconded: DB   1. **2017-18 Draft Audited Annual Report and Accounts**     MM advised that these should have been cleared but were held up with the issue of Charitable Status. She highlighted the notes on Charitable Status had been updated to reflect the current situation. She directed members to the email received from NIAO asking that the governance statement is to be amended. MM asked that it was recommended that these go forward to ARAC tomorrow.  PB commended MM on her reports.  The Chair commended staff on their work on the Options paper.   1. **2018-19 Accounts F&GP-19-13-P04**   MM advised that these will go to ARAC tomorrow and then on to NIAO and copied to DE. She discussed the areas highlighted in yellow and said that these will be updated as the information arrives. She highlighted the governance statement and financial statements and advised that of note this year is the Charity Commission decision and taxation status. She then took members through the Financial Position at 31.3.2019.  The Chair asked if members were content that these were passed to the ARAC.  BM queried what was meant by continuing term in the list of length of service of Council Members.  The SEO explained the meaning.  Proposer: CB (for the accounts to go to the ARAC)  Seconder: DB   1. **18-19 Accounts Direction and Year-End Timetable**   **F&GP-19-13-P03**  MM highlighted the attached table and advised that this paper was for information. She said that if the Accounts go through ARAC smoothly then they will be submitted to NIAO and DE.   1. **Corporate/Business Plan**     **2018-19 Business Plan – Q4 Monitoring Return**  **F&GP-19-13-P06**  The CEO took members though this plan and advised that it had been submitted to the Department, advising that 16 projects had been achieved.  PB enquired if we were behind with anything. The CEO said that staff appraisals, some HR matters and the leadership competences work-streams have been delayed but are progressing.  **Corporate Plan 2019-22 F&GP-19-13-P07**  The CEO said that this was a draft document distilled from discussion at previous |Council meetings. He asked members for advice and comments and highlighted the Council’s objectives and said that he would like to move to getting a set of corporate KPIs.  DB enquired if engagement with unions could be added to the document. The CEO said that at the second objective includes Unions but specific mention could made if necessary.  The Chair informed members that any comments should be sent back to the CEO.  PB said it could be mentioned regarding longer term aspirations for example, Charitable Status.  The CEO agreed though stressed that consideration of the audience was important that Council will need DE to approve its plan. He said the plan showed development of the organisation and asked for members feedback.  PB advised that he was content that it highlights the work of the Council.  **2019-20 Draft Business Plan F&GP-19-13-P08**  The CEO advised that this had been sent to the Department. He said that it was consistent with an Option 3 model and highlighted the work-streams proposed. He discussed accreditation, leading leaders and developing standards and the need to develop guidance on the use of competences.  The SEO discussed the recognition of qualifications and said there was a need to decide what Council will recognise to teach in grant aided schools in NI.   1. **Rest of World Fees F&GP-19-13-P09**   The CEO advised he would be happy to send this paper to PRRC. As a paper had previously gone to Committees regarding RoW fees. He said that an analysis of costs had been completed. Members were informed that it costs £1500 to process one application and as a result we would not recover all costs but introducing assessment fees would recover some costs. Other regulators charge approx. £190. We received around 17 of these applications per year. The proposal is for NI to charge a £500 assessment fee. We have a gentleman’s agreement with the Teaching Council in ROI regarding fees. He asked members if we should adopt charging an assessment fee.  The SEO highlighted that there was a significant amount of work involved.  The CEO advised that here is an oversupply of workforce in NI and that we are being reasonable with the fee.  PB agreed that the fee is not unreasonable.  The Chair added that it costs a lot of money to process these.  The SEO advised that the Department used to pay for this then took back funding.  The CEO said he thought it reasonable to move to an assessment fee and would also take into account the views of the PRRC.   1. **Capital Projects F&GP-19-13-P10**   The CEO reported on the website and registration systems and said that work is progressing. He advised that the Council had been unable to get a Project Manager but will progress this through the IT provider. He said he was content with the development work on the website.   1. **Any other business**   None.  Signed………………………….. Dated ……………………………. | Action  Action  Actions  Action  Action  Action  Action  Action  Action  Action  Action |
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