**Minutes of the 12th Meeting of the Finance and General Purposes Committee held on Monday 25 February 2019, at GTCNI, Albany House, Great Victoria Street, Belfast**

**Present:** Clive Bowles (Chair), Paul Boyle, David Canning, Gillian Dunlop (GDp)

**Apologies:** Delma Boggs, Paul O’Doherty

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

(Corporate Services) (MM), Gerry Devlin (SEO) (GD), Sima Gondhia (Temporary Finance Accountant) (SG).

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| 1. **Welcome, Introduction and Apologies**   The Chair welcomes all members to the 12th meeting of the Finance and General Purposes Committee meeting. Apologies were noted.     1. **Declarations of Interest**   There were no Declarations of Interest     1. **Minutes**   Members reviewed the Minutes of the F&GP meeting of Monday 3 December 2018 and confirmed the content for accuracy and completeness.  Proposed: PB  Seconded GDp.   1. **Matters Arising**   The CEO reported that he had recently met with Tommy O’Reilly (TOR) DE, to discuss further risk sharing in relation to regulation. The CEO advised that DE acknowledged that there were two aspects risk sharing namely:   * Financial – sharing the financial burden arising from a legal challenge whether financial sanction placed on GTCNI or cost of contesting a challenge; * Reputational risk – as a result of any challenge and local media or other interest.   The CEO stated that while DE accepted the risk their preference is to dealing with such matters on a case by case basis rather than determining proportionality now. The important thing for GTCNI at this point is that risks have been accepted, the principle of risk share acknowledge and these matters recorded.  .  DC added that the view from DE is that GTCNI should get on with regulating and he proposed that the matter be revisited at the next GAR meeting.  *GDp joined the meeting at 10.45am*   1. **Finance Update (F&GP/19/12/P01)**   MM spoke to this paper summarising details of the Council’s financial outturn for the 10 months ended 31 January 2019.  Members were advised that an easement of £96k against the original budget had been declared to DE in January. She advised that whilst a budget surplus was forecast in 2018-19, the budgetary outlook for 2019-20 and beyond was more worrying with deficit budgets being likely due to the Council commencing full regulation, absorbing annual inflationary pressures with a flat-lining income. She advised that regulation is likely to be expensive and hence the significant pressure on reserves for the next few of years at least.  MM outlined the reserves position, contingent liabilities and the likely depletion of reserves over the coming years, leaving little room for contingency planning or replenishment. All of which suggests that in the absence of other compensating income streams, an increase in the registration fee will need to be considered.  PB asked about GTCNI’s insurance cover for regulation. The CEO replied that whilst we have insured against challenge and possible sanction, we need to cover the cost of progressing cases through our processes ourselves as normal operating costs.  MM highlighted the risks associated with insuring for challenge/sanction in that insurers may seek to take over a case and possibly settle. There is also the risk of such activity driving up the Council’s insurance premiums. MM added that as the Council now moves to undertake for the first time *all* its statutory functions so the associated cost now come into focus.  The Chair noted that despite the narrative about independence GTCNI is still under the control of DE and consequently DE may have to share some of the burden and responsibility. The CEO reminded members that GTCNI is an independent corporate body and as such it’s the Council’s responsibility (via the SMT) to ensure/maintain a financially viable organisation. There is no requirement in our status for DE to underwrite GTCNI financial liabilities.  MM reminded members that as we are classed an NDPB the view of the NIAO’s C&AG is that GTCNI should not be carrying substantial cash reserves thus highlighting the tensions with holding large cash balances, covering contingent liabilities and prudent contingency planning.  The CEO commented that he felt that it would be irresponsible of Council to run down its reserves given contingent liabilities and therefore echoed MM’s point that increasing revenue will need to be considered  GDp said the she recognised the problem and enquired as to the fees charged by other GTC’s. The CEO advised that GTCS and EWC both charge £65, but have additional assessment fees. GDp noted that the lack of any substantial increase in teachers’ salaries over past years made any fee increase difficult but hopefully now that a pay increase has been agreed it might be opportune to address the matter of registration fees.  The CEO advised that such a move could not happen overnight and would have to be properly planned. SMT are considering steps that could be taken to minimise costs and keep operational costs under close review. At the same time it would be important for Council not to lose sight of the recommendations from DE reviews which go beyond just registration, regulation and ITE accreditation.  The CEO stated that the Council needs to appreciate the financial position and agree how to address a significant reduction in reserves over the next two years. SMT meanwhile were considering options as to how this position can be managed over the next two years in order to secure sufficient time for proper consideration and planning.  The Chair stated that the Committee should present the picture to Council as it is and highlight the possible need for an increase in fees.  MM resumed her delivery of the remainder of the Finance Update, providing an update on progress with HMRC on the Council’s taxation status. She explained that a lead officer from DE has spoken to HMRC’s customer liaison officer who advised that he had passed on GTCNI’s paper to the HMRC policy team. The initial feedback from HMRC is that this is a relatively straight-forward matter and that it can be dealt with without the need for a meeting. However due to Brexit issues some delay in a decision from HMRC can be expected. DE have advised that they will continue to follow up with HMRC  MM updated members on the Council’s rates position and explained that Land & Property Services (L&PS) have completed a revaluation of the Council’s premises for rates purposes. MM explained that it didn’t necessarily follow that loss of charitable status would mean that the Council is liable for rates as L&PS apply different criteria to both HMRC and CCNI when assessing whether or not an organisation is liable for rates.  The CEO asked members to consider whether or not, as a result of the delays with HMRC in determining Council’s taxation status, the Annual Report and Accounts for 2018-19 should be laid with an “emphasis of matter” qualification rather than allowing the finalisation of them to drag on.  DC stated his reluctance to lay the Accounts with qualification, and advised that he felt it was better to endure a delay.  Proposed :DC  Seconded: CB  MM outlined the work undertaken on procurement and contracts management;   * A contract awarded for the development of a new website with a target implementation date of June 2019 * A contract awarded to a supplier to carry out the election of a new Council   MM spoke about the registration database and its affordability in the context of the business case approval received. Options open to the Council in the light of the current financial constraints we discussed. The CEO said that he was still minded to continue with procurement as to do nothing is not an option and a short-term interim solution doesn’t appear to be available. The matter is being kept under review.   1. **Business Plan**    * 2018-19 Business Plan – Q3 Monitoring Return (F&GP-19-12-P02)    * 2019-20 Draft Business Plan (F&GP-19-12-P03)     The CEO spoke to the paper and welcomed members’ questions on the Quarterly Monitoring Report 2018-19 and Draft 2018-19 Business Plan  He advised that both will be presented at Council in March.  Members noted the content and were in broad agreement.  Proposed :PB  Seconded: DC   1. **Capital Projects (F&GP/19/12/P04)**   The registration database and website were discussed earlier in the meeting and notwithstanding earlier discussions, MM provided members with a short summary on the progress of each project   1. **Policy Review- Contract Management (F&GP/19/12/P05)**   MM explained that all policies should be subject to periodic review. She advised that the Contract management Policy had been reviewed to ensure that it still reflected best practice. She directed members to some minor tracked changes.  Members noted the changes and approved the policy.  Proposed :PB  Seconded: DC     1. **Any Other Business**   PB re-iterated his earlier suggestion about paperless delivery of Council papers eg use of ‘Sharepoint’.  The Chair agreed and members agreed that officers would consider and bring forward a proposal for Council consideration and approval as appropriate.  Proposed :PB  Seconded: GDp   1. **Council/Committee Review of Effectiveness (F&GP/19/12/P06)**   Members undertook a general review of Council/Committee effectiveness facilitated by the CEO who advised that he would collate views and report to Council at its next meeting.   1. Date of next meeting - Thursday 2 May 2019     Signed………………………….. Dated ……………………………. | Action  Action  Chair/CEO  Actions  SMT  Action  Action  CEO |
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