



north west  
regional college  
Derry-Londonderry • Limavady • Strabane

# North West Regional College Annual Report and Accounts

Year Ended 31 July 2020

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

YEAR ENDED 31 JULY 2020

The Accounting Officer authorised these

Financial statements for issue

on

16th December 2020

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

on

22<sup>nd</sup> February 2021

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

## **YEAR ENDED 31 JULY 2020**

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# Strategic Report

# **NORTH WEST REGIONAL COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020**

## **Nature, Objectives and Strategies**

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

## **Legal Status**

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

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**

### **Our Purpose & Strategy**

Our purpose at NWRC is 'Making Lives Better'. The College's vision, mission and values confirms its commitment to students, business, the community and the staff. The College aims to create a great place to work and learn and in doing so positively impact on the health and wellbeing for staff and students. This is especially important given our challenging socio-economic environment. We have the highest claimant count and the highest rates of economic inactivity in NI within our city and region. Five out of the top ten most deprived super output areas (SOAs) are within our catchment area.

The economic landscape has been and will be further affected by the COVID 19 pandemic. The out-workings of the lockdown and the impact on business and industry is becoming apparent. While the Job Retention Scheme intervention has helped sustain employment levels, the phased reduction of furlough and the continued restrictions on opening of businesses in some sectors is expected to result in increased unemployment. This may be particularly significant in areas such as hospitality, travel and tourism and retail.

The 2019-2020 College Development Plan provides a clear vision of the College strategy, taking cognisance of the current baseline position, while supporting the delivery of an outcome based Programme for Government, the NI Industrial Strategy and the Further Education Means Success Strategy. For 2019 - 2020 the College performance was measured on an Outcome Based Accountability model.

The industry standard learning and teaching facilities on our campuses provide aspirational environments for learning and we continue to be well placed to take on the challenge of enhancing the skills set of the population of the city and region.

## **NORTH WEST REGIONAL COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020**

The College effectively resources all provision and develops staff through Continuous Professional Development to ensure currency of skills and quality of delivery. We aim to develop and maintain a College community whose skills and expertise are compatible with the changing demands of the wider educational, industrial and economic environment.

We recognise that the development of skills must be managed to ensure that the skills output matches the future needs of employers and society, especially in the area of technology transfer. The College is engaged in the ongoing development of a learner centred curriculum that is focussed on skills development. We are proud of our long history of providing curricular choice and opportunities for all.

NWRC will be at the forefront of delivery of any strategic economic initiatives that will aim to support individuals and local business and industry in the context of COVID.

### **Our Curriculum**

The College offers education and training programmes at Levels 1-6 across a wide range of professional and technical areas. In 2019/2020 there were 14,178 students enrolled on its programmes across all campuses, including outreach.

The Higher Education provision accounts for 8.5% of the total College Enrolment count excluding essential skills. The total Further Education Enrolment count was 11,650 (including Essential Skills). As part of the Entitlement Framework provision offered to post-primary schools, there were 49 course offerings with 553 enrolments across three area learning communities.

Some 23% of students attended on a full-time basis. Within the full time cohort of students, 51% of students were male and 49% were female. The College also delivered Work Based Learning in 24 vocational areas as part of the Training for Success, Apprenticeship NI and Youth Training programmes. 14% of FE full-time students had a learning disability and were supported in their learning within mainstream provision.

### **Higher Level Apprenticeship (HLA)**

NWRC continued to offer HLA courses in:

- Accountancy
- Hospitality & Tourism Management
- Mechanical Engineering
- Software Development
- Travel & Tourism Management
- Electrical and Electronic Engineering
- Civil Engineering
- Leadership in Children's Care, Learning & Development

Apprenticeships Level 2 in:

- Pharmacy

## **NORTH WEST REGIONAL COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020**

Major curriculum reform to NI's professional and technical education and training frameworks has been delayed due to COVID 19. The College recognises the key role that it has to play if we are to realise the vision that the Further Education (FE) sector will be recognised locally, regionally and internationally for high quality and economically relevant education and training provision.

Through our professional and technical curriculum, offered at level 1 and above we are supporting the rebalancing and rebuilding of the Northern Ireland economy. Our curriculum within all professional and technical areas is broad, diverse and tailored to meet the education and training needs of the relevant sectors. The curriculum plan has been informed by our strategic priorities as well as a number of other key Department for the Economy (DfE) strategies and publications.

During the previous year a number of programmes were revalidated including Foundation Degree in Software Development, Information Technology, Foundation Degree in Medical and Applied Science, Foundation Degree in Sport, Foundation Degree in Mechanical Engineering and Foundation Degree in Electrical Engineering. A new Foundation Degree in International Hospitality and Tourism was validated within a consortium arrangement with four other Colleges in the sector. This year the Foundation Degree in Business and Enterprise was revalidated. These validations and revalidations effectively refreshed the curriculum and further aligned the curriculum to employer needs.

The College plays a central role in the delivery of Local Government Community Planning in both Derry City & Strabane District Council (DCSDC) and Causeway Coast and Glens Borough Council (CCG). It is a strategic partner with DCSDC and other key stakeholders in City Deal for the Derry~Londonderry City Region. The College, in support of DCSDC, is committed to the further expansion of Apprenticeships to include Higher Level Apprenticeships (HLAs) and the College also plays a leading role in realising the ambition to become a UNESCO Learning City.

There is also now momentum in the city and region around health excellence as a strategic economic competence. The College, designated as the 'Hub' for the FE Sector in Health and Social Care, is leading curriculum development from Level 1 – Level 5 in this vocational area.

Our College's role in supporting the widening access and participation agenda in the City region is widely recognised and we remain committed to providing a curriculum that supports the participation of learners with learning difficulties and disabilities, those from under-represented groups in society and those not in employment, education or training (NEETs). The College will continue to work in partnership with the Prince's Trust to offer the highly successful TEAM programme across all three College campuses and further develop the sector wide College Connect programme.

The College's economic engagement continues to be outward facing and is unlocking the potential of the city and region to create prosperity. The Business Support Centre, which manages economic engagement and economic development, is central to supporting businesses with skill acquisition and innovation awareness to assist them to move up the skills and innovation escalator.



## **NORTH WEST REGIONAL COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020**

The College currently has three Innovation Centres – Foodovation, Product Design Centre and a Design Innovation for Assisted Living (DIAL) Centre with a fourth Innovative Virtual Augmented Reality(VAR) Centre – Immersive Lab being considered. These innovation centres are industry facing and link with curriculum through applied research, idea generation, prototype development and proof of concept.

As one of two ‘STEM Assured’ accredited Colleges in NI and the Lead College in Creative and Cultural Skills, the College continues to be a success achieving numerous awards.

NWRC has significant expertise in online learning. This was particularly influential from mid-March 2020 when the Colleges were closed in line with government direction to minimise the spread of Coronavirus. Staff expertise in technology enabled students undertaking FE, HE, TFS and APPNI provision to continue with their learning. Essential Skills and Entitlement Framework delivery also continued. The College was innovative in planning and delivering adaptive assessments to students in vocational areas who were unable to complete their qualifications due to the work-based learning restrictions.

The College will continue to strive to achieve its purpose and objectives for Making Lives Better for all of its stakeholders as the primary provider of professional and technical education and training in the North West region.

**NORTH WEST REGIONAL COLLEGE  
STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JULY 2020**

**Enrolment Results 2019/20**

In 2019/2020 the College had a total target of 16,700 enrolments. The table below shows actual performance against target.

**HIGHER EDUCATION FIGURES**

	<b>Target</b>	<b>Actual</b>
<b>HE Full Time</b>	<b>597</b>	<b>517</b>
<b>HE Part Time</b>	<b>618</b>	<b>435</b>
<b>Total</b>	<b>1215</b>	<b>952</b>

	<b>Target</b>	<b>Actual</b>
<b>HLA</b>	<b>91</b>	<b>85</b>

**FURTHER EDUCATION FIGURES**

	<b>Target</b>	<b>Actual</b>
<b>FE Full Time</b>	<b>2339</b>	<b>2203</b>
<b>FE Part Time</b>	<b>9550</b>	<b>7790</b>
<b>Total</b>	<b>11889</b>	<b>9993</b>

**TFS/APPNI FIGURES**

	<b>Target</b>	<b>Actual</b>
<b>TFS Full Time</b>	<b>285</b>	<b>247</b>
<b>TFS Part Time</b>	<b>371</b>	<b>363</b>
<b>APPNI *Incl HLA</b>	<b>489</b>	<b>505</b>
<b>APPNI Part Time</b>	<b>91</b>	<b>93</b>
<b>Total</b>	<b>1236</b>	<b>1115</b>

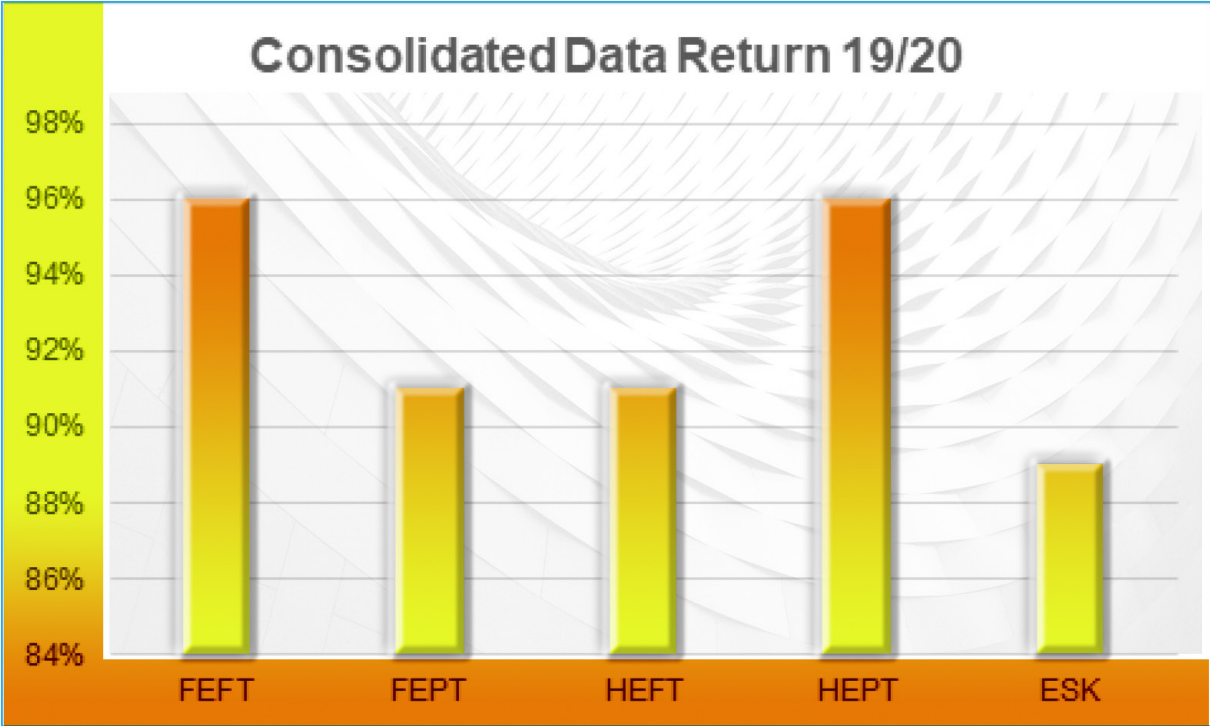
**ESSENTIAL SKILLS FIGURES**

	<b>Target</b>	<b>Actual</b>
<b>ESK (TFS)</b>	<b>595</b>	<b>490</b>
<b>ESK (FE)</b>	<b>1659</b>	<b>1517</b>
<b>ESK (APPNI)</b>	<b>15</b>	<b>26</b>

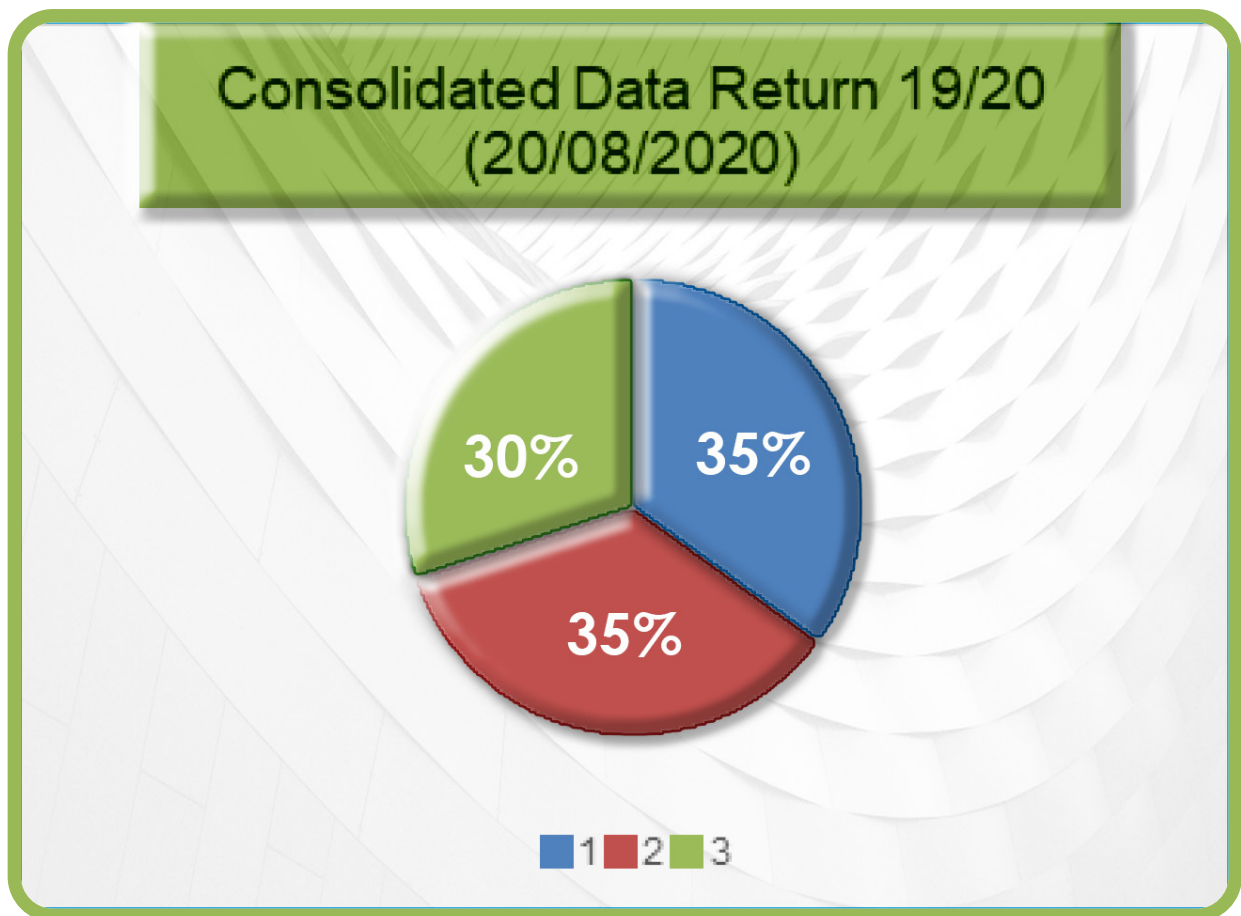
**NORTH WEST REGIONAL COLLEGE  
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In the key areas of STEM and STEAM and Externally Regulated Provision, the College delivered 20% of this priority skills provision and 84% accredited. Retention for the College in funded courses is 89%<sup>1</sup> for FE Full Time, 96%<sup>1</sup> for FE Part Time, 91%<sup>1</sup> for HE Full Time, 96%<sup>1</sup> for HE Part Time and 89% for Essential Skills

1 CDR Extract 20th August 2020



The combined Level 2 and Level 3 provision contributes to 65% of FE provision.



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.

**NORTH WEST REGIONAL COLLEGE  
STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JULY 2020**

**Employer Engagement**

The targets for business engagement were met in all areas.

	<b>Target</b>	<b>Actual</b>
<b>Skills Focus (no. of Businesses supported)</b>	<b>220</b>	<b>222</b>
<b>InnovateUs (No. of projects)</b>	<b>70</b>	<b>75</b>
<b>Innovation Vouchers</b>	<b>25</b>	<b>30</b>
<b>KTPs</b>	<b>1</b>	<b>1</b>
<b>Fusions</b>	<b>24</b>	<b>29</b>
<b>Academies (No. of companies)</b>	<b>6</b>	<b>6</b>

341 employees were up-skilled to level 2 and above via the DfE Skills Focus programme, despite the challenges caused by COVID-19. DfE have also decided to remove the employer contribution (25%) for the funding year beginning April 2020 to the end of March 2021 and DfE will now provide 100% funding.

6 Assured Skills academies were successfully delivered with Alchemy and FinTrU leading to 106 new jobs created in the Financial and IT Services sectors.

The College's innovation centres met all their targets for the past year. Foodovation (Strand Road) and the Product Design Centre (Greystone) continue to provide new product development and product improvement support to businesses and played a vital role in supporting businesses to adapt to the COVID-19 landscape. The Business Support Centre also supports entrepreneurs and businesses in ICT, Media and Augmented and Virtual Reality (AR & VR) and is investing in facilities in these areas to support businesses

# **NORTH WEST REGIONAL COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020**

## **Financial Objectives**

The College's financial objectives are:

- Balanced budget – the College aims to live within the DfE budget allocated for the April –March fiscal year which it did. For the year to 31 July 2020, the College is reporting an historic deficit of £1,463k before the exceptional cost (see below)
- Cash days of between 20-40 –actual cash days for 2019/20 is 49 days
- Debtor days of between 0-30 – actual debtor days for 2019/20 is 22 days
- Unqualified External Audit report
- 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 £2,764k (Deficit in 2019 of £2,443k). The historic deficit in the year was £1,463k after charging £1,591k of pension costs as a result of the FRS17 adjustment (Historic deficit in 2019 of £1,240k). The historic surplus before the FRS17 adjustment would have been £128k (Historic surplus in 2019 of £388k). 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 deficit for the year of £16,714k after an exceptional cost of £1,225k (Deficit in 2019 of £5,374K). The exceptional cost relates to an addition to a provision for holiday pay.

The movement from the 2019/20 College Development Plan and the final outturn is explained by movements to a number of key account headings. Some of the notable variances included – a £745k favourable variance in DfE grants (of which £159k is a result of the new funding model introduced in April 2018 and £575k relates to the funding of the STS Project); a £145k unfavourable variance in Education Contracts; a £111k unfavourable variance in fee income; a £468k unfavourable variance in Other Grant Income due to effects of Covid-19 crisis including the pause on European projects; a £57k unfavourable variance in Other Operating Income relating to effects of Covid-19; a £246k favourable variance in Teaching staff costs due delays in recruitment and decreased classes due to Covid-19 crisis; a £170k favourable variance in Direct support staff costs due to delays in recruitment; a £68k favourable variance in Administration staff costs; a £178k favourable variance in Non-Pay Direct Teaching costs; a £766k favourable variance in Non-Pay Direct Support costs. Most of these favourable variances are a result of decreased expenditure related to the effects of the Covid-19 crisis.

Buildings were subject to a full revaluation at 31 July 20 by Land and Property Services.

The Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) pension liability increased from £7.3m to £21.5m.

The College has significant reliance on DfE for its principal funding source, largely from recurrent grants. In 2019/20 DfE provided 65% (2018/19 - 60%) of the College's total income through allocated recurrent grant. This represented 14.4% of the total recurrent grant available to the sector.

## **NORTH WEST REGIONAL COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020**

### **Reserves**

The College has accumulated reserves of £18,309k and cash balances of £4,960k.

### **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 £563k cash inflow for the year. (2019 - £2,323k outflow)

### **Liquidity**

As per the balance sheet the College's liquidity is in line with the Financial Memorandum.

### **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

## **NORTH WEST REGIONAL COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020**

### **Student Activities and Achievements**

The College full-time FE student enrolments saw a decrease between 2018/2019 and 2019/2020 due to the continuing declining demographics in the North West.

- Full-time FE Main College Provision enrolments decreased by 3.08% to 2,203
- Full-time Maximum Student Numbers (MaSN) HE enrolments decreased by 8.97% to 517
- Full-time Training For Success/ApprenticeshipNI gross enrolments decreased by 2.80% to 659
- Part-time enrolments decreased by 20.76% to 8,816 (excl. ESK)

### **Payment Performance**

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

During the accounting period 1 August 2019 to 31 July 2020, the College paid 92% of its invoices within 30 days (2018/19 - 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 2019 to 31 July 2020, the College paid 80% of its invoices within 10 days. (2018/19 – 88%)

Payment performance has been impacted slightly negatively by the Covid-19 crisis.

### **Events after the end of the Reporting Date**

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



**NORTH WEST REGIONAL COLLEGE  
STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JULY 2020**

**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 full impact of the Covid19 pandemic in terms of recruitment and how the College will operate in the new academic year (2020/21) is to a large degree unknown. The College has invested significantly in preparing for the new academic year – putting measures in place to ensure that the College environment is safe for students and staff. It is unclear at the time of writing what impact Covid19 will have on recruitment but the situation is being closely monitored by Management.

A new Estates Strategy is being developed that will identify projects that will continue to progress the estate further to recent developments in Springtown and Limavady.

**RESOURCES:**

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

**Estate:**

The value of the main College sites at 31 July 2020 are as follows:

	<b>Value</b>
	<b>£'000</b>
Foyle Building	17,022
Strand Road	20,070
Limavady	10,115
Northland*	11,058
Centre for Technology	7,531
Strabane	2,849
Springtown	9,683
Maydown	340

*\*PFI Building*

**Financial:**

The College has £19.5 million of net assets (including an £21.5 million pension liability).

**People:**

The College employs 576 people (expressed as full time equivalents), of whom 316 are teaching staff.

<b>Sickness/Absence Data</b>	<b>2019-20</b>	<b>2018-19</b>
No of days absent	5,211	6,655
Time Lost	3.4%	4.3%
Average Day Lost per employee	7 days	8.4 days

**NORTH WEST REGIONAL COLLEGE  
STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JULY 2020**

**Reputation:**

NWRC is the main provider of professional and technical education and training in the North West, NWRC plays a central role in up-skilling and re-skilling the population through the delivery of an economically focussed curriculum from Level 0 - Level 6.

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. The latest scrutiny inspection of the Self Evaluation Report (SER) process was graded “Confident”. The latest quality review carried out by QAA on the HE provision at NWRC resulted in a “Confident” grade. An ETI Review of the Level 3 Provision in the FE Sector commenced in January 2020. The College was reviewed in February 2020 and received very positive feedback from the ETI following their visit. The completion of the review of all 6 NI Colleges was postponed by COVID. However, ETI are considering issuing a final report based on the information gathered from the 4 Colleges that were reviewed prior to lockdown, including NWRC.

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

The College is committed to improving its performance on a continuous and systematic basis and a plan has been completed to support the revised improvement targets set by the College Governing Body - 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. The latest Scrutiny Inspection was carried out by the Education and Training Inspectorate during their visit to evaluate the Level 3 provision at the College. The College achieved a grade of Confident for the Self Evaluation Processes.

An internal audit review of the Strategic Planning and Performance Management at NWRC was carried out in December 2019 and the final report confirmed that there were no recommendations to be made as the outcome of the audit with the key findings being – *“Strategic Planning and Performance Management procedures within the College are well managed and monitored, with clear processes in place. Roles and responsibilities are clearly defined and overall, the strategic planning processes are in line with best practice. In developing the Curriculum Plan and the CDP, the College has ensured involvement from staff and management across the College, therefore helping to ensure accountability and ownership by all staff and management within the College. We have raised no recommendations within this report.”*

The current 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. There are a number of internal committees for the academic oversight of all College provision which include further education, higher education and work based learning in addition to awarding body verification reports.

## **NORTH WEST REGIONAL COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020**

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 the majority of inspection reports and by student feedback. The results in most areas have either stayed the same or improved in comparison to the last two surveys. The National Student Survey results released in early July show that 88% of all students that took part in the survey were overall satisfied with their course and the College. The sector outcome was 82%. Over 90% of our students confirmed they were able to contact staff when they needed to (sector average was 86%); over 93% confirmed their course provided them with opportunities to apply what they had learned (sector average was 81%); and over 90% confirmed the staff were good at explaining things (sector average 89%).

A wide range of Learner Services are also available online. This ensured that the College staff were able to continue to engage with students during lockdown to provide ongoing support in line with learner needs, including ongoing financial and safeguarding services.

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 3 reports as satisfactory. These audits covered Procurement and Management of Contracts, Health & Safety and Strategic Planning & Performance Management. The overall end of year report was graded as Satisfactory.

## **NORTH WEST REGIONAL COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020**

### **Summary of College highlights from 2019-20:**

- NWRC Foundation Degree in Business student Katelyn McShane was awarded a scholarship to study at an award winning University for women in Atlanta, Georgia.
- Automotive Technology student Declan Porter represented Team UK at this year's Worldskills Finals in Kazan, Russia.
- North West Regional College's Karen Moore has been named Inspirational Educator of the Year at the Derry Journal People of the Year
- Mum of two Kelly McLaughlin, A Limavady Learner, who returned to school to get Maths qualifications at the age of 47, was shortlisted for an Open College Network (OCN) Learner of the Year award.
- Our College secured a huge €1.6 million of Erasmus+ funding, offering staff and students opportunities to study and work across Europe to develop knowledge and skills during the next 24 months.
- NWRC was delighted to welcome Maths extraordinaire James Grime to the College as part of 2019 Maths Week. James is a mathematician with a personal passion for maths communication and the promotion of mathematics in schools and to the general public. He can be mostly found doing exactly that, either touring the world giving public talks, or on YouTube (where he has over 200k subscribers).
- Two graduates of the HND in Art and Design at NWRC won prizes at the Irish Made Awards. Buncrana Homewear designer Eilis Galbraith was runner-up in the Home Category, while Bernie Murphy, a fashioner designer from Buncrana, who is also now a lecturer at the College, was runner up in the Fashion category.
- Our Higher Education & Access Graduation Ceremony took place on 30 October 2019 celebrating the achievements of more than 800 graduates at the Millennium Forum. Master of Ceremonies for the event was BBC broadcaster Barra Best and guest speaker was Manager of NWRC's Careers Academy, Finneen Bradley. Students will graduate in the following subjects: Art & Design, Business, Computing, Construction, Engineering and Science, Hairdressing and Beauty Therapy, Early Years, Health & Social Care, Hospitality, Tourism and Sport, Media, Music and Performing Arts. The ceremony was streamed live on the College's social media reaching more 10,000 views.
- Prisoners at Magilligan have taken part in the first ever Skillbuild NI competition in a UK prison. The Northern Ireland Prison Service in partnership with our College and Skillbuild NI hosted the competition for prisoners demonstrating their skills in painting and decorating, woodwork, joinery, tiling, plastering, welding and horticulture. More than 70 prisoners took part in competition heats and were judged by Construction Industry Training Board Northern Ireland (CITB NI) representatives before a final 32 were selected and winners announced in each of the eight categories

## **NORTH WEST REGIONAL COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020**

- North West Regional College (NWRC) and Combined Facilities Management (CFM) were jointly presented with the award for 'Best Apprenticeship Scheme' at the National Housing Maintenance Forum Conference. CFM and NWRC were commended for their delivery of excellent apprenticeship schemes with particular recognition for a new Maintenance Operations Apprenticeship which acknowledges retention and clear career progression at the end of the scheme.
- FinTrU and North West Regional College have launched another Department for the Economy Assured Skills Academy. The five-week Academy, funded by the Department and delivered in conjunction with our College offers industry-relevant pre-employment training for 20 participants. Upon successful completion of the course participants are guaranteed a job interview with FinTrU.
- Limavady Campus Beauty Therapy student Nuala Mullan was the 2020 British education Awards winner in the NI Vocational Education Category.
- Apprenticeship week 2020 was a huge success at NWRC as we hosted both our Construction Futures and Higher Level Apprenticeship events. Students from local schools attended and heard from a wide range of local employers about careers in Accountancy, Architecture, Surveying, Engineering and more.
- Our Level 3 Hairdressing and Barbering students at Strabane Campus showcased their work at some of Strabane's most famous landmarks. The students modelled a range of hairstyles currently being taught on the College curriculum.
- Our Careers Academy have been shortlisted for an Irish Education Award, while our Business Support Centre have been shortlisted for a TES Economic Engagement Award.
- Our Business Support Centre announced the launch of a new suite of fully-funded online courses for businesses that can be accessed via mobile phones, computers and tablet devices, funded by the Department for the Economy's Skills Focus Programme.
- Our Music and Performing Arts staff and students produced and performed a number of online showcase pieces in support of frontline keyworkers and support staff involved in the Covid19 Pandemic. Renditions of famous songs such as Somewhere Over the Rainbow, Lean on Me and Stand By Me were published on the College's main online platforms, resulting in high volumes of views, likes and engagement.

# **NORTH WEST REGIONAL COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020**

## **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 Risks**

### ***Student Enrolments and Funding***

Given the pressures on the wider public finances, cuts to the block grant in the coming years must be considered. The allocation for 2020/21 is in line with 2019/20, 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. In excess of 10% of employees and 12% of enrolments reside in the Republic of Ireland. In the case of a No Deal Brexit, the College is uncertain of the implications for both staff and students.

### ***Covid-19***

Covid 19 has already profoundly impacted on how we operate in the college. The health and safety of our staff and students has always been paramount however this has increased significantly since March 2020. The full impact on college business, including enrolments is as yet unknown however changes to working practices including teaching methods have been reviewed and subsequently adjusted where necessary. Significant additional health and safety practices have now been implemented.

Additional funding may be allocated to colleges in the short term but the massive government expenditure to manage the impact of Covid 19 in recent months is likely to have major impacts on public spending in future years.

# **NORTH WEST REGIONAL COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020**

## **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;
- Local employers;
- Local Councils;
- Local Strategy Partnerships;
- Local Enterprise Agencies;
- Other FE Colleges;
- Post-Primary Schools;
- Trade Unions;
- The local community;
- Professional Bodies;
- Invest NI;
- Ulster University;
- Queen's University Belfast;
- Letterkenny Institute of Technology;
- Donegal Education and Training Services.

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.

**NORTH WEST REGIONAL COLLEGE  
STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JULY 2020**

**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 and 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.



## **NORTH WEST REGIONAL COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020**

### **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 students with a disability to participate more fully in College life.
- Increase awareness of specific barriers faced by people with a disability including through linking in with National Awareness days or weeks.
- Promote the use of AccessAble website to encourage participation of prospective students.
- Create an open and inclusive workplace culture which displays respect for those with mental ill health.
- Explore the scope of offering meaningful placements and work shadowing and volunteering for people with a disability.
- Introduce training for front line staff on disability etiquette and relevant legislation dealing with disability and the provision of goods, facilities and services.
- Consider development of a (Sectoral) Disability Advisory Group that could involve staff and students.
- Increase number of students with a disability entering the College.
- Monitor and review the progress of the Disability Action Plan.

## **NORTH WEST REGIONAL COLLEGE STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020**

### **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 no data related incidents reported to the Information Commissioner's Office (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 (for 2019/20):**

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 2020

## Members

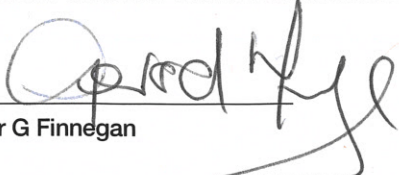
The members who served the Governing Body during the year to 31 July 2020 were as follows

NAME	DATE OF APPOINTMENT/ RE-APPOINTMENT	TERM OF OFFICE	DATE OF RESIGNATION/ APPOINTMENT ENDED	STATUS OF APPOINTMENT	COMMITTEES SERVED	GOVERNING BODY ATTENDANCE. 7 MEETINGS HELD 2019/20
Ms M Breslin	21/07/2020	4 yrs		Staff Member		0(0)
Mr P Canavan	01/07/2019	4 yrs		Member	AC, EC	6(7)
Mrs R Dougherty	15/06/2020	4 yrs		Member	EC, RC	7(7)
Mr G Finnegan	01/07/2019	4 yrs		Chair		6(6)
Mr S Gillespie	24/01/2020	4 yrs		Co-opted	AC	3(7)
Dr N Hand	09/01/2017	4 yrs		Member	EC, RC	6(7)
Mr E Kelly**	20/11/2019	**	12/06/2020	Student	EC	4(4)
Mr G Killeen*	01/05/2020	9 mths		Vice Chair	AC, EC	6(7)
Mrs C McFarland	01/07/2016	4 yrs	14/05/2020	Member	AC	1(6)
Mr S McGregor*	01/05/2020	9 mths		Member	EC, RC	5(6)
Mr A Magee	21/07/2016	4 yrs	20/07/2020	Staff Member	EC, RC	3(6)
Mr L Murphy***	05/05/2014	***		Principal & CEO	EC, RC	6(6)
Mr M O'Kane*	01/07/2020	4 yrs		Member	EC	6(6)
Dr M O'Neill	07/06/2017	4 yrs		Co-opted	EC	6(7)
Mr B Quinn	01/08/2019	4 yrs		Member	RC	5(7)
Mrs L Taggart	26/01/2018	4 yrs		Staff Member	AC, EC	5(6)

AC - Audit and Risk Committee  
 EC - Education Committee  
 RC - Resources Committee

\* - Extension of second term of appointment - interim arrangement  
 \*\* - Term of Office completes on 30/09/2020 or until the date on which he ceases to be a student at the College, whichever first occurs.  
 \*\*\* - The Principal is a member of the Governing Body while he holds the office of Principal.  
 ( ) - Number of meetings members were eligible to attend

For and on behalf of the members of the Governing Body

  
 Mr G Finnegan

16/12/2020  
 Date

# Remuneration Report

## NORTH WEST REGIONAL COLLEGE REMUNERATION REPORT FOR THE YEAR ENDED 31 JULY 2020

### 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 remuneration of Chairman and Board members is as follows:

	2019/20		2018/19	
	Salary and Allowances	Benefits in Kind	Salary and Allowances	Benefits in Kind
	£'000	£'000	£'000	£'000
Mr G Finnegan (Chair)	20-25	-	20-25	-
Mr G Killeen	0-5	-	0-5	-
Mr S McGregor	0-5	-	0-5	-
Mr M O'Kane	0-5	-	0-5	-
Mr P Canavan*	0	-	0	-
Mr S Gillespie*	0	-	0	-
Mrs C McFarland*	0	-	0	-
Mr B Quinn*	0	-	0-5	-
Ms R Dougherty	0-5	-	0-5	-
Mr E Kelly	0-5	-	0-5	-
Mr N Hand	0-5	-	0-5	-
Dr M O'Neill	0-5	-	0-5	-

\* 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.

## **NORTH WEST REGIONAL COLLEGE REMUNERATION REPORT FOR THE YEAR ENDED 31 JULY 2020**

### **Progression**

There is no incremental progression for the Principal & Chief Executive 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.

### **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.

## NORTH WEST REGIONAL COLLEGE REMUNERATION REPORT FOR THE YEAR ENDED 31 JULY 2020

### 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	2019/20				2018/19			
	Salary £'000	Benefits in kind £	Pension benefits £'000*	Total £'000	Salary £'000	Benefits in kind £	Pension benefits £'000	Total £'000
<b>Mr L Murphy</b> Principal & Chief Executive	125-130	Nil	31	155-160	110-115	Nil	26	135-140
<b>Mrs K Duffy</b> Director of HR & Learner Services (left 31st October 2019)	25-30	Nil	6	30-35	80-85	Nil	8	85-90
<b>Mr P McKeown</b> Director of Finance & Economic Engagement	90-95	Nil	18	105-110	80-85	Nil	16	95-100
<b>Mrs D McElwee</b> Full Year Equiv. Acting Vice Principal of Curriculum & IS – (from May 2019 – Left 31st March 2020)	50-55	Nil	10-15	65-70	15-20 70-75	Nil	Nil	15-20

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.

Senior staff were awarded payrises which were paid in December 2019 as follows: 0.96% payrise from September 2015, 1% from September 2016, 1% from September 2017 and 1% from September 2018.

\* 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

	2019/20	2018/19
	£'000	£'000
Band of highest paid directors total remuneration	110-115	110-115
Median total remuneration	25,295	25,478
Ratio	4.5	4.4

## NORTH WEST REGIONAL COLLEGE REMUNERATION REPORT FOR THE YEAR ENDED 31 JULY 2020

### Salary

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

### Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. No senior staff received any benefits in kind.

#### *Pension Entitlements (Audited)*

Senior Management	Accrued pension at pension age as at 31/7/20 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/7/20 £'000	CETV at 31/7/19 £'000	Real increase in CETV £'000
<b>Mr L Murphy,</b> Principal & Chief Executive	40-45	2.5-5.0	1,045	928	117
	Plus lump sum of 125-130	Plus lump sum of 7.5-10			
<b>Mr P McKeown,</b> Director of Finance & Economic Engagement	30-35	0-2.5	501	451	34
	Plus lump sum of 35-40	Plus lump sum of 0-2.5			
<b>Mrs K Duffy,</b> Director of HR & Learner Services (left 31st October 2019)*	40-45*	0-2.5*	883*	826	46
	Plus lump sum of 80-85*	Plus lump sum of 0-2.5*			
<b>Mrs D McElwee,</b> Acting Vice Principal of Curriculum & IS (left 31st March 2020)*	20-25*	0-2.5*	480*	510	(30)
	Plus lump sum of Nil*	Plus lump sum of Nil*			

*\*Please note that figures for K Duffy and D McElwee are as at their respective leaving dates instead of 31st July 2020.*



## **NORTH WEST REGIONAL COLLEGE REMUNERATION REPORT FOR THE YEAR ENDED 31 JULY 2020**

### **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 account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real increase in CETV**

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

**NORTH WEST REGIONAL COLLEGE  
REMUNERATION REPORT  
FOR THE YEAR ENDED 31 JULY 2020**

**Exit Packages**

There were no exit packages paid in the year ended 31 July 2020:

<b>Exit Package Cost Band</b>	<b>Number of Compulsory Redundancies</b>	<b>Number of Other Departures Agreed</b>	<b>Total Number of Exit Packages by Cost Band</b>
<b>&lt; £10,000</b>	<b>0 (2019: 0)</b>	<b>0 (2019: 2)</b>	<b>0 (2019: 2)</b>
<b>£10,000 - £25,000</b>	<b>0 (2019: 4)</b>	<b>0 (2019: 0)</b>	<b>0 (2019: 4)</b>
<b>£25,000 - £50,000</b>	<b>0 (2019: 10)</b>	<b>0 (2019: 0)</b>	<b>0 (2019: 10)</b>
<b>£50,000 - £100,000</b>	<b>0 (2019: 12)</b>	<b>0 (2019: 0)</b>	<b>0 (2019: 12)</b>
<b>&gt; £150,000</b>	<b>0 (2019: 1)</b>	<b>0 (2019: 0)</b>	<b>0 (2019: 1)</b>
<b>Total Number of Exit Packages</b>	<b>0 (2019: 27)</b>	<b>0 (2019: 2)</b>	<b>0 (2019: 29)</b>
<b>Total Resource Cost</b>	<b>Nil (2019: £1,641k)</b>	<b>Nil (2019: £2k)</b>	<b>Nil (2019: £1,643k)</b>



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# **Statement Of The Responsibilities Of The Accounting Officer & Governing Body**

## **NORTH WEST REGIONAL COLLEGE STATEMENT OF THE RESPONSIBILITIES OF THE ACCOUNTING OFFICER & GOVERNING BODY FOR THE YEAR ENDED 31 JULY 2020**

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

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

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

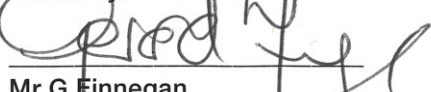
The Governing Body is also required to prepare an Annual Strategic Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

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

Approved by order of the Governing Body members on 16th December 2020 and signed on its behalf by:

  
Mr G Finnegan  
Chairman of Governing Body

**Statement  
Of Corporate  
Governance And  
Internal Control**

## **NORTH WEST REGIONAL COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2020**

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, staff and students of the College, the Principal & Chief Executive and members 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 2019/20 academic year. The Governing Body is supported by three Committees; an Audit and Risk Committee, an Education Committee and a Resources 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 Governance Secretary or on the College website. The Governance Secretary maintains a register of financial and personal interests of the Governing Body members and this is available for inspection.

# **NORTH WEST REGIONAL COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2020**

## **Governing Body Evaluation**

I consider that the Governing Body operated effectively during 2019/20, fulfilling its role as set out above.

A Governing Body Self-Assessment facilitated by the FE Corporate Governance & Accountability Branch of the Department for the Economy for the year 1 August 2019 to 31 July 2020 is ongoing. The outcome of the 2018/19 assessment provided 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. In summary, the outcome for 2018/19 evaluation was favourable and demonstrated that the Governing Body operated effectively and that sound processes were in place to ensure robust monitoring of the North West Regional College and its performance. The percentage of respondents who agreed/strongly agreed with each of the themes within the questionnaire ranged from 83.3% to 97.2%.

## **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 2019/20 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.

## **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 socio-economic needs of the community the College seeks to serve. The Committee also monitors the standard of education and training provision by reviewing KPIs along with 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 2019/20 academic year.

## **Resources Committee**

The Finance and General purposes Committee and the Staffing Committee amalgamated in September 2019 as the Resources Committee. This Committee inter alia supervises all matters relating to the finance and accounts of the College. It also supervises matters of estates. The Committee is responsible for dealing with issues in relation to the recruitment, appointment, promotion and grading of all staff, other than senior staff. It monitors the provision of HR Services and Safeguarding. The Committee receives regular reports to assess and ensure compliance with legislation. Due to the Colleges desire to monitor IIP the Committee monitors in particular activity relating to the IIP Standards which represent the standards for people management. 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 2019/20 academic year.

For Membership and Attendance of Committees see table on page 27.



# NORTH WEST REGIONAL COLLEGE STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2020

## 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 Resources Committee meetings. The HR Manager attends the Resources Committee – Staffing Business section of the meeting. The Head of Curriculum and Operations 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 External Auditors often 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 2020 and up to the date of approval of the annual report and accords with Department of Finance guidance. I have fully embedded the processes, which the Department for the Economy has agreed should be established, and confirmed their robustness.

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

The College 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. 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 FOR THE YEAR ENDED 31 JULY 2020

The College maintains registers for related party transactions in order to ensure opportunities for conflicts of interest are avoided. These registers are 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 controls 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, Compliance with Work Based Learning Regulations & Procedure and the Risk of CPD & PD Processes – including implications of resource shortfall, achieving value for money and statutory compliance and impact on Curriculum. An additional risk categorised as a 'High' risk was included for COVID-19.

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 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 Chair 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

16-12-20  
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 2020 under the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008. The financial statements comprise: the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cash Flows and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of North West Regional College's affairs as at 31 July 2020 and of its deficit the year then ended;
- have been properly prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102); and
- have been prepared in accordance with the Further Education (Northern Ireland) Order 1997 as amended by the Audit and Accountability Institutions of Further Education (Public Sector Audit) Order (Northern Ireland) 2008 and the Department for the Economy directions issued thereunder.

## Opinion on regularity

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

## Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of 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.

## Conclusions relating to going concern

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

- North West Regional College's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- North West Regional College has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about North West Regional College's ability to continue to adopt the going concern basis.

# **NORTH WEST REGIONAL COLLEGE THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY**

## **Other Information**

The Accounting Officer and Governing Body are responsible for the other information reported in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Remuneration Report described in the report as having been audited and my audit certificate and report thereon. My opinion on financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

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

## **Opinion on other matters**

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

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

## **Responsibilities of the Accounting Officer and the Governing Body**

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

## NORTH WEST REGIONAL COLLEGE THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate. In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

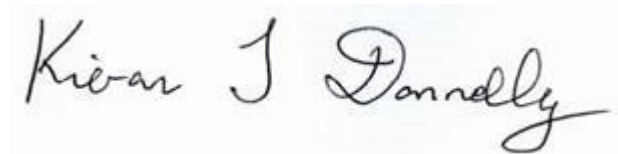
### Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement of Corporate Governance and Internal Control does not reflect compliance with the Department of Finance's guidance.

### Report

I have no observations to make on these financial statements.



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

*10 February 2021*

**Statement Of  
Comprehensive  
Income &  
Expenditure**



**NORTH WEST REGIONAL COLLEGE  
STATEMENT OF COMPREHENSIVE INCOME & EXPENDITURE  
FOR THE YEAR ENDED 31 JULY 2020**

	Notes	2020 £'000	2019 £'000
Income			
Department for the Economy Grants	2	30,005	29,869
Education contracts	3	3,081	3,286
Tuition fees and charges	4	2,092	2,481
Other grant income	5	886	1,150
Other operating income	6	1,183	1,247
Investment income	7	8	38
<b>Total income</b>		<b>37,255</b>	<b>38,071</b>
Expenditure			
Staff costs	8	24,862	23,971
Voluntary Exit Scheme costs	8	-	1,633
Other operating expenses	10	10,785	10,639
Depreciation	13	3,399	3,274
Interest and other finance costs	11	973	997
<b>Total expenditure</b>		<b>40,019</b>	<b>40,514</b>
Deficit before other gains/losses and exceptional items		(2,764)	(2,443)
Exceptional DfE repayment		-	(3,616)
Exceptional Holiday pay provision	19	(1,225)	
Deficit before tax		(3,989)	(6,059)
Taxation	12	-	-
Deficit for the year		(3,989)	(6,059)
Unrealised (deficit)/surplus on revaluation of Land & Buildings		(135)	3,475
Actuarial loss in respect of pension scheme		(12,590)	(2,790)
<b>Total comprehensive (expenditure)/income for the year</b>		<b>(16,714)</b>	<b>(5,374)</b>
Represented by:			
Unrestricted comprehensive income/(expenditure) for the year		(1,097)	(3,228)
Pension Reserve comprehensive (expenditure) for the year		(14,181)	(4,418)
Revaluation Reserve Comprehensive (expenditure)/ income for year		(1,436)	2,272
		<b>(16,714)</b>	<b>(5,374)</b>

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 2020**

	Unrestricted Reserves	Pension Reserve	Revaluation Reserve	Total
	£'000	£'000	£'000	£'000
Balance at 1 August 2018	6,368	(2,916)	36,945	40,397
Surplus/(deficit) from income and expenditure account	(4,431)	(1,628)	-	(6,059)
Other comprehensive income/ (expenditure)	-	(2,790)	3,475	685
Transfers between revaluation and income and expenditure account	1,203	-	(1,203)	-
Release of restricted funds spent in year	-	-	-	-
Balance at 1 August 2019	3,140	(7,334)	39,217	35,023
Surplus / (Deficit) from income and expenditure statement	(2,398)	(1,591)	-	(3,989)
Other comprehensive income/(expenditure)	-	(12,590)	(135)	(12,725)
Transfers between revaluation and income and expenditure account	1,301	-	(1,301)	-
Release of restricted funds spent in year	-	-	-	-
Total comprehensive income/(expenditure) for the year	(1,097)	(14,181)	(1,436)	(16,714)
Balance at 31 July 2020	2,043	(21,515)	37,781	18,309

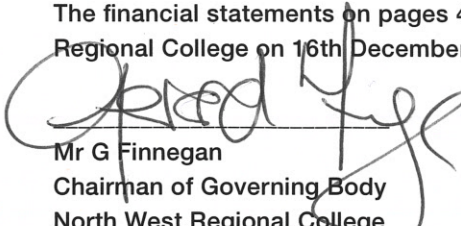
The accompanying accounting policies and notes form an integral part of these financial statements.

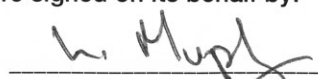
**Statement Of  
Financial Position  
As At 31 July 2020**

## NORTH WEST REGIONAL COLLEGE STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2020

	Notes	2020 £'000	2019 £'000
<b>Non Current Assets</b>			
Tangible fixed assets	13	80,751	80,185
Intangible assets	14	411	352
		81,162	80,537
<b>Current Assets</b>			
Trade & Other Receivables	16	2,838	4,519
Cash & Cash Equivalents	20	4,960	4,397
Total current assets		7,798	8,916
Less: Creditors: amounts falling due within one year	17	(9,787)	(10,145)
Net current liabilities		(1,989)	(1,229)
Total assets less current liabilities		79,173	79,308
Less: Creditors: amounts falling due after more than one year	18	(38,124)	(36,951)
Provisions		41,049	42,357
Holiday Pay Provision	19	(1,225)	-
Pension Provision	21	(21,515)	(7,334)
Net Assets including pension liability		18,309	35,023
<b>Unrestricted Reserves</b>			
Income and expenditure reserve		2,043	3,140
Pension Reserve		(21,515)	(7,334)
Revaluation Reserve		37,781	39,217
<b>TOTAL</b>		18,309	35,023

The financial statements on pages 48 to 86 were approved by the Governing Body of the North West Regional College on 16th December 2020 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.

**Statement Of Cash  
Flows  
For The Year Ended  
31 July 2020**

**NORTH WEST REGIONAL COLLEGE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 JULY 2020**

	Notes	2020 £'000	2019 £'000
Cash (outflow) from operating activities (Deficit) for the year		(2,764)	(6,059)
Adjustment for non-cash items			
Depreciation	13	3,399	3,274
(Increase)/Decrease in debtors		903	(1,243)
Increase/(Decrease) in creditors		(687)	4,064
NILGOSC FRS 102 (28) Pension Adjustment		1,591	1,628
Adjustment for investing or financing activities			
Interest Receivable	7	(8)	(38)
Interest payable	11	828	932
Deferred Capital Grants release	2	(1,670)	(1,647)
Net cash inflow from operating activities		<u>1,592</u>	<u>911</u>
Cash flows from investing activities			
Investment interest		13	47
Payments made to acquire fixed assets		(4,456)	(7,383)
Capital Grants Received		5,220	5,873
		<u>777</u>	<u>(1,463)</u>
Cash outflows from financing activities			
Interest element of finance lease and service concession payments	11	(828)	(932)
Capital element from lease		(978)	(839)
		<u>(1,806)</u>	<u>(1,771)</u>
Increase/(Decrease) in cash and cash equivalents in the year	20	563	(2,323)
Net funds at 1 August 2019		<u>4,397</u>	<u>6,720</u>
Net funds at 31 July 2020		<u>4,960</u>	<u>4,397</u>

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**



# **NORTH WEST REGIONAL COLLEGE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020**

## **1. 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.

Covid-19 is having an impact on how we operate in the College. Additional funding may be allocated to Colleges from DfE to manage this impact,

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.

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

**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**

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.

# NORTH WEST REGIONAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2020

## 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.

# NORTH WEST REGIONAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2020

#### 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 2020. They are not depreciated until they are brought into use.
- **Assets other than land and buildings**  
Assets other than land and buildings costing less than £3,000 per individual item are written off to the income and expenditure account in the period of acquisition. 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.

# **NORTH WEST REGIONAL COLLEGE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020**

## **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 27, except for Hardship Funds received which are 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.

## **NORTH WEST REGIONAL COLLEGE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020**

### **Critical accounting judgements and estimates**

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the College's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

#### **Pension Liability**

The critical judgements of the pension liability schemes are included in the accounting policy note.

The key actuarial assumptions used in the valuation of the NILGOSC pension scheme, including discount rates, salary and pension increases, and mortality rates are reported in note 21.

#### **Property, Plant and Equipment**

Land and buildings (including those inherited from the Education and Library Board) are stated in the statement of financial position at valuation on the basis of depreciated replacement cost, including irrecoverable VAT, as the open market value for existing use is not readily obtainable.

Freehold buildings are depreciated over their expected useful economic life to the College as advised by the LPS.

All other depreciation is calculated based on assumptions of asset useful economic lives and expected residual value.

A change in depreciable life is treated as a change in accounting estimate.

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**2. DEPARTMENT FOR THE ECONOMY INCOME**

	2020	2019
	£'000	£'000
Grant in Aid Received from DfE		
Recurrent grant	24,181	23,051
Release of deferred capital grant	1,670	1,647
Skills Focus	371	286
Minor Works	65	73
Employer Support Program	352	326
Private Finance Initiative(PFI)	1,589	1,572
Additional Support Funds	450	358
Voluntary Exit Scheme Funds (VES)	-	1,633
	<hr/>	<hr/>
Grant In Aid Items	28,678	28,946
	<hr/>	<hr/>
Non-Grant in Aid received from DfE		
Educational Maintenance Allowance Administration	12	21
Higher Level Apprenticeships	248	235
Youth Training Pilot	-	(14)
Worldskills	-	11
Academies	68	141
DLHE Survey reimbursement	-	5
Sector Development Funding	-	34
Colleges Connected	89	92
FE Systems, Technology & Services Project	752	301
NICIS Backfill Staff	-	17
Welding Academy	-	41
Traineeship Project	65	-
Curriculum Hub – Health & Social Care	62	-
Other	31	39
Non-grant in Aid Items	<hr/> 1,327	<hr/> 923
	<hr/>	<hr/>
Total DfE income	30,005	29,869

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

<b>3. EDUCATION CONTRACTS</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Entitlement Framework	489	546
Training for Success	2,592	2,740
<b>Total</b>	<b>3,081</b>	<b>3,286</b>

<b>4. TUITION FEES AND CHARGES</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Higher Education (HE) Income	1,352	1,536
Further Education (FE) Income	740	945
<b>Total</b>	<b>2,092</b>	<b>2,481</b>

Included within the above amounts are amounts which fund bursaries of £84k (2019: £101k)

<b>5. OTHER GRANT INCOME</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
European Funds	166	467
Other Funds	720	683
<b>Total</b>	<b>886</b>	<b>1,150</b>

<b>6. OTHER OPERATING INCOME</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Catering and residence operations	174	211
Other income generating activities	940	974
Other income	69	62
<b>Total</b>	<b>1,183</b>	<b>1,247</b>

<b>7. INVESTMENT INCOME</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Other interest receivable	8	38
<b>Total</b>	<b>8</b>	<b>38</b>



**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**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:

	2020 Number	2019 Number
Teaching	316	318
Support	69	75
Administration	170	174
Premises	21	21
	<hr/>	<hr/>
Total	576	588
	<hr/>	<hr/>
Staff costs for the above persons:	2020	2019
	£'000	£'000
Teaching	14,039	13,545
Support	2,134	2,039
Administration	6,602	6,216
Premises	641	608
FRS 17 Adjustment(see Note 21)	1,446	1,563
	<hr/>	<hr/>
	24,862	23,971
Voluntary Exit Scheme Costs	-	1,633
	<hr/>	<hr/>
Total	24,862	25,604
	<hr/>	<hr/>
	2020	2019
	£'000	£'000
Wages and salaries	18,055	17,212
Social security costs	1,666	1,654
Movement in Pension	1,446	1,563
Other pension costs	3,695	3,542
	<hr/>	<hr/>
	24,862	23,971
Voluntary Exit Scheme Costs	-	1,633
	<hr/>	<hr/>
Total	24,862	25,604
	<hr/>	<hr/>

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

**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	
	2020 No.	2019 No.	2020 No.	2019 No.
£60,001 to £70,000	1	-	18	14
£70,001 to £80,000	-	1	5	-
£80,001 to £90,000	-	1	-	-
£90,001 to £100,000	-	3	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	1	-	-	-
£120,001 to £130,000	-	-	-	-
£130,001 to £140,000	-	1	-	-
£140,001 to £150,000	-	-	-	-
£150,001 to £160,000	1	-	-	-
	<b>3</b>	<b>6</b>	<b>23</b>	<b>14</b>

*Support staff were awarded a 2% payrise from April 2019 in November 2019 and lecturing staff were awarded a payrise of 1% from September 2018 in December 2019.*

**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.

	2020 Number	2019 Number
The number of senior post-holders including the Principal & Chief Executive who served during the year was:	4	4

Kate Duffy left in October 2019 and Dorothy McElwee left in March 2020.

	2020 £'000	2019 £'000
Senior post-holders' emoluments are made up as follows:		
Salaries	297	427
Pension contributions	68	85
<b>Total Emoluments</b>	<b>365</b>	<b>512</b>

*Senior staff were awarded payraises which were paid in December 2019 as follows: 0.96% payrise from September 2015, 1% from September 2016, 1% from September 2017 and 1% from September 2018.*

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**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:

	2020	2019
	£'000	£'000
Salaries	125	111
Benefits in kind	-	-
	<u>125</u>	<u>111</u>
Pension contributions	31	22
	<u>31</u>	<u>22</u>
<b>Total</b>	<u><b>156</b></u>	<u><b>133</b></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**

	2020	2019
	£'000	£'000
Direct Teaching	608	717
Direct Support	2,324	2,783
Administration	2,318	2,208
Premises	4,084	3,500
Unitary payments under PFI contract	1,451	1,431
	<u>10,785</u>	<u>10,639</u>
Interest and Other Finance Costs	145	65
Interest element of Finance Lease	828	932
	<u>828</u>	<u>932</u>
<b>Total</b>	<u><b>11,758</b></u>	<u><b>11,636</b></u>

Other operating expenses include:

Auditors' remuneration		
- external audit	24	24
- internal audit	10	17
Remuneration of Governing Body members	40	47
Hire of other assets-operating leases	35	18
	<u>109</u>	<u>106</u>

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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	2020 £'000	2019 £'000
<b>11. INTEREST AND OTHER FINANCE COSTS</b>		
On finance leases	828	932
Net charge on pension scheme	<u>145</u>	<u>65</u>
Total	<u>973</u>	<u>997</u>

**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 2020**

**13. TANGIBLE FIXED ASSETS**

	Freehold Land & Buildings £'000	PFI Assets £'000	Plant & Equipment £'000	Computers £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation							
At 1 August 2019	71,362	13,665	4,686	2,659	305	188	92,865
Additions	3,633	-	369	29	69	-	4,100
Revaluations	(245)	110	-	-	-	-	(135)
Elimination of depreciation on revaluation	(6,018)	(1,066)	-	-	-	-	(7,084)
At 31 July 2020	68,732	12,709	5,055	2,688	374	188	89,746
Depreciation							
At 1 August 2019	3,839	2,693	3,352	2,312	305	179	12,680
Charge for the year	2,179	512	502	197	4	5	3,399
Elimination of depreciation on revaluation	(6,018)	(1,066)	-	-	-	-	(7,084)
At 31 July 2020	-	2,139	3,854	2,509	309	184	8,995
Net Book Value							
At 31 July 2020	68,732	10,570	1,201	179	65	4	80,751
Net Book Value							
At 31 July 2019	67,523	10,972	1,334	347	-	9	80,185

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

**13. TANGIBLE FIXED ASSETS (Continued)**

Land and buildings were subject to a full revaluation in July 2020 on a depreciated replacement cost basis. The valuations were performed independently by Land and Property Services. The valuations were undertaken having regard to UK GAAP, and more specifically the Statement of Recommended Practice: accounting for further and higher education (SORP) 2019 (effective from 1st January 2019) for the Higher and Further Education sectors and Financial Reporting Standard (FRS) 102 issued by the Financial Reporting Council (FRC). The valuations were also carried out in accordance with HM Treasury guidance, International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors (RICS) Professional Standards. These revaluations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve.

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

If inherited land and buildings had not been re-valued they would have been included at the following amounts:	2020 £'000	2019 £'000
Cost	-	-
Aggregate depreciation based on cost	-	-
Net book value based on cost	-	-
The depreciation charge for the year is analysed as follows:	£'000	£'000
Owned assets	2,887	2,785
PFI assets	512	489
	<u>3,399</u>	<u>3,274</u>

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**14. INTANGIBLE FIXED ASSETS**

	<b>Asset Under Construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>
Cost or valuation		
At 1 August 2019	352	352
Additions	59	59
<b>At 31 July 2020</b>	<u>-</u>	<u>-</u>
	<u>411</u>	<u>411</u>
Amortisation		
At 1 August 2019	-	-
Charge for the Year	-	-
<b>At 31 July 2020</b>	<u>-</u>	<u>-</u>
Net book value at 31 July 2020	<u>411</u>	<u>411</u>
Net book value as at 31 July 2019	<u>352</u>	<u>352</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 £2,464k. This is due to be completed by March 2021.

**15. SERVICE CONCESSION ARRANGEMENTS**

The College has 1 on balance sheet PFI arrangement 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 2020 is £10,570k (2019: £10,972k). 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 2020 were £5,662k (2019: £6,640k). The sum of £978k was repaid during the year.

**Future Commitments**

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

	<b>Payable in 1 Year £'000</b>	<b>Payable 2-5 years £'000</b>	<b>Payable 6- 10 years £'000</b>	<b>Total £'000</b>
Liability repayments	776	6,310	(1,424)	5,662
Finance charge	746	1,391	113	2,250
Service charge	1,489	6,188	803	8,480
	<u>3,011</u>	<u>13,889</u>	<u>(508)</u>	<u>16,392</u>

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**16. TRADE & OTHER RECEIVABLES**

	<b>2020 £'000</b>	<b>2019 £'000</b>
Amounts falling due within one year:		
Trade receivables	58	122
Other receivables	251	151
Prepayments and accrued income	2,379	4,066
<b>Total</b>	<b>2,688</b>	<b>4,339</b>
Amounts falling due after one year:		
Surplus land receivable arising on PFI contract*	150	180
<b>Total Receivables</b>	<b>2,838</b>	<b>4,519</b>

*\*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).*



**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**17. CREDITORS: AMOUNTS FALLING DUE IN LESS THAN 1 YEAR**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Service concession arrangements	1,096	978
Trade creditors	774	1,847
Taxation and social security	586	546
Accruals and deferred income	7,331	6,774
	<u><b>9,787</b></u>	<u><b>10,145</b></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.

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Grant income	1,569	903
Other income	423	570
<b>Total</b>	<u><b>1,992</b></u>	<u><b>1,473</b></u>

**18. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR:**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Deferred income	33,558	31,289
Service concession liabilities due after one year	4,566	5,662
<b>Total Creditors after one year</b>	<u><b>38,124</b></u>	<u><b>36,951</b></u>

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**19. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>2020 £'000</b>
At 1 August 2019	-
Additions in year	1,225
Amounts charged against provision during year	-
Unused amounts reversed in year	-
<b>At 31 July 2020</b>	<b><u>1,225</u></b>

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

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

The £1,225k provision has been estimated by the College and covers the period from 1998 to 31 July 2020, following the Department of Finance approach outlined for Departmental Annual Reports and Accounts (FD (DoF) 08/20).

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

1. The appeal to the Supreme Court (as detail above);
2. Lack of accessible data for years previous to 2008/09 requiring estimations to be applied;
3. Future negotiations with Trade Unions;
4. Obtaining legal advice on specific application of the ruling for the NI Further Education sector;
5. A reliable estimate for the pension element is not yet available so this has not been factored into the provision;
6. The provision is gross (inclusive of Employee National Insurance and PAYE) and also includes an uplift of 13.8% for Employer National Insurance Contributions (NI) £148k (2018-19: £nil); and
7. Taxation issues are under discussion with HMRC, by the wider NI public sector.

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

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

<b>20. CASH AND CASH EQUIVALENTS</b>	<b>At 1 August 2019 £'000</b>	<b>Cash Flows £'000</b>	<b>At 31 July 2020 £'000</b>
Cash and Cash equivalents at 31 July 2020	4,397	563	4,960

**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.

	<b>2020 £'000</b>	<b>2019 £'000</b>
Total pension cost for the year		
NITPS: contributions paid	2,579	2,367
NEST: contributions paid	10	-
NILGOSC: Contributions paid	1,106	1,175
NILGOSC: FRS 17 Adjustments	1,446	1,563
NILGOSC: Charge to the Statement of Comprehensive Income & Expenditure	2,552	2,738
<b>Total Pension Cost for Year</b>	<b>5,141</b>	<b>5,105</b>

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 2019.

## **NORTH WEST REGIONAL COLLEGE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020**

### **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](http://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 25.10% from 1 April 2019.

The salary bands applicable to member contributions for the NITPS, based on members' annual salary rate (actual earnings), from 1st April 2019 were;

<b>Salary</b>	
Up to £28,169	7.4%
£28,169 to £37,918	8.6%
£37,919 to £44,960	9.6%
£44,961 to £59,587	10.2%
£59,588 to £81,254	11.3%
£78,023 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.

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**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 2019 updated to 31 July 2020 by a qualified actuary.

<b>Principal actuarial assumptions</b>	<b>At 31 July 2020</b>	<b>At 31 July 2019</b>
Principal actuarial assumptions at Balance Sheet date are as follows:	<b>%</b>	<b>%</b>
Rate of increase in salaries	3.8	3.7
Rate of increase for pensions in payment/inflation	2.3	2.2
Pension accounts revaluation rate	2.3	2.2
Discount rates for scheme liabilities	1.4	2.2

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

	<b>At 31 July 2020</b>	<b>At 31 July 2019</b>
<b>Members aged 45 at accounting date</b>		
Males	23.2 years	24 years
Females	26.4 years	26.4 years
<b>Members aged 65 at accounting date</b>		
Males	21.8 years	22.3 years
Females	25.0 years	24.6 years

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**21. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)**

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

	<b>Asset Allocation at 31 July 2020</b>	<b>Value at 31 July 2020</b>	<b>Asset Allocation at 31 July 2019</b>	<b>Value at 31 July 2019</b>
	<b>%</b>	<b>£'000</b>	<b>%</b>	<b>£'000</b>
Equities	42.7	13,687	40.2	13,317
Bonds	38.7	12,404	40.9	13,548
Property	9.3	2,981	10.8	3,578
Cash	5.2	1,667	4.7	1,557
Other	4.1	1,314	3.4	1,126
<b>Total Market Value of Assets</b>		<b>32,053</b>		<b>33,126</b>

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts recognised in the balance sheet</b>		
Fair value of plan assets	32,053	33,126
Present value of scheme liabilities	(53,568)	(40,460)
<b>Deficit in the scheme (Net pension liability recorded within pension provisions)</b>	<b>(21,515)</b>	<b>(7,334)</b>

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts included in staff costs</b>		
Current service cost	2,715	1,776
Past service cost	243	912
Curtailment cost	-	50
<b>Total operating charge</b>	<b>2,958</b>	<b>2,738</b>

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Analysis of pension finance income / (costs)</b>		
Interest income on assets	(742)	(859)
Interest cost	887	924
<b>Net charge</b>	<b>145</b>	<b>65</b>

**NORTH WEST REGIONAL COLLEGE  
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**21. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)**

**Analysis of Other Comprehensive Income and Expenditure for Pensions**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Actuarial gains/(losses) on pension scheme assets	(2,995)	1,036
Actuarial (losses)/gains on scheme liabilities	<u>(9,595)</u>	<u>(3,826)</u>
<b>Total Other Comprehensive Income and Expenditure</b>	<b><u>(12,590)</u></b>	<b><u>(2,790)</u></b>

**Movement in deficit during the year**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Deficit in scheme at 1 August 2019	(7,334)	(2,916)
Movement in the year:		
Current service cost	(2,715)	(1,776)
Employer contributions	1,512	1,175
Past service cost/gain	(243)	(912)
Curtailment cost	-	(50)
Net interest	(145)	(65)
Actuarial gain or (loss) recognised in other Comprehensive Income and Expenditure	<u>(12,590)</u>	<u>(2,790)</u>
<b>Deficit in scheme at 31 July 2020</b>	<b><u>(21,515)</u></b>	<b><u>(7,334)</u></b>

**Asset and Liability Reconciliation**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Reconciliation of Liabilities:		
Liabilities at start of period	40,460	32,992
Service cost	2,715	1,776
Interest cost	887	924
Employee contributions	379	353
Actuarial (gain)/loss	9,595	3,826
Benefits paid	(711)	(373)
Past service cost	243	912
Curtailment cost	<u>-</u>	<u>50</u>
<b>Liabilities at end of period</b>	<b><u>53,568</u></b>	<b><u>40,460</u></b>

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**21. PENSION AND SIMILAR OBLIGATIONS (CONTINUED)**

Reconciliation of Assets:	£'000	£'000
Assets at start of period	33,126	30,076
Interest Income	742	859
Actuarial (loss)/gain	(2,995)	1,036
Employer contributions	1,512	1,175
Employee contributions	379	353
Benefits paid	(711)	(373)
<b>Assets at end of period</b>	<b>32,053</b>	<b>33,126</b>

*The estimated value of employer contributions for the year ended 31 July 2020 is £1,238k.*

The pension charge for the last year included a past service cost of £912k relating to the McCloud Judgement (£833k) and the Guaranteed Minimum Pension (GMP) Indexation and Equalisation (£79k).

***McCloud Judgement (£833k)***

In December 2018 the Court of Appeal ruled in the 'McCloud/Sargeant' judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. The Government applied to the Supreme Court for permission to appeal this judgement, however the Supreme Court rejected the Government's request on 27 June 2019. The next stage is for the case to be referred to the Employment Tribunal to agree the remedy, following appropriate consultation. In a Ministerial Statement dated 15 July 2019 the Government committed to extending a remedy across all public sector schemes which included similar transitional protection arrangements and includes the LGPS. As a result, the College has included a constructive obligation at 31 July 2019 in relation to the potential remedy using an approximate method.

***Guaranteed Minimum Pension Indexation and Equalisation (£79k)***

Following changes to the State Pension in April 2016, there was a risk that members of the LGPS who were 'contracted out' of the State Pension between 6 April 1978 and 6 April 1997, and who would reach their State Pension Age (SPA) after April 2016, would be worse off. This is because State Pension reforms removed the facility of the State to pay 'top up' payments to ensure their total pension was fully inflation protected. The LGPS was only required to pay limited increases on some elements of GMP (a portion of pension accrued in the LGPS when members were contracted out of the State Scheme). In March 2016, the Government committed the LGPS to pay full pension increases on GMPs to individuals reaching SPA between 6 April 2016 and 5 December 2018. This has previously been accounted for. In January 2018, the Government committed the LGPS to pay full pension increases on GMPs to individuals reaching SPA between 6 December 2018 and 5 April 2021. This has not been recognised in the accounts to date. Further, the Government has indicated that it is committed to continuing to compensate all members of public sector pension schemes reaching SPA after 5 April 2021. The Government's view is that this solution also meets sex equalisation requirements. As a result, the College has included a constructive obligation at 31 July 2019, using an approximate method, for the Government's commitment to pay pension increases on GMPs for members reaching SPA after 5 December 2018, which includes a liability for Government's commitment to compensate all members in the future from changes to the State Pension.



**NORTH WEST REGIONAL COLLEGE  
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**22. EVENTS AFTER THE END OF THE REPORTING DATE**

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

<b>23. CAPITAL COMMITMENTS</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Commitments contracted for at 31 July 2020	<u>771</u>	<u>4,310</u>

**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.*

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**24. FINANCIAL COMMITMENTS**

At 31 July 2020 the College had annual commitments under non-cancellable operating leases as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>LESSEE:</b>		
Land and Buildings:		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
	<hr/>	<hr/>
	-	-
Other:		
Expiring within one year	35	35
Expiring within two and five years inclusive	103	138
Expiring in over five years	-	-
	<hr/>	<hr/>
	<b>138</b>	<b>173</b>
	<hr/>	<hr/>
<b>LESSOR:</b>		
Land and Buildings:		
Expiring within one year	6	6
Expiring within two and five years inclusive	8	13
	<hr/>	<hr/>
	<b>14</b>	<b>19</b>
	<hr/>	<hr/>

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**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 organisation in which a member of the Board of Governors may have an interest. All transactions involving such organisation are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

Related Organisation	Governor	Position In Related Organisation	2020 Amount Paid (Income) £'000	2019 Amount Paid (Income) £'000	Amount Outstanding At 31 July 2020 £'000	Amount Outstanding At 31 July 2019 £'000
Derry City & Strabane District Council	Mr S Gillespie	Director	37 (2)	48 (16)	- -	- -
Invista UK	Dr N Hand	Operations Manager	-	(1)	-	-
Nuprint Technologies	Mr G Killeen	Managing Director	1 (1)	- -	- -	- -
Education Authority (Ballymena)	Mr B Quinn	Senior Architect	(97)	(134)	(10)	(8)

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
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**25. RELATED PARTY TRANSACTIONS (CONTINUED)**

Related Organisation	Governor	Position In Related Organisation	2020 Amount Paid (Income) £'000	2019 Amount Paid (Income) £'000	Amount Outstanding At 31 July 2020 £'000	Amount Outstanding At 31 July 2019 £'000
Londonderry Chamber Of Commerce	Mr P Canavan Mr G Killeen	Council Member & Past President Director & Past President	7	7	-	-
Invest NI	Mr P Canavan	Council Member & Past President	(117)	(50)	(5)	-
St Mary's College	Mr P Canavan	Board Of Governors	(6)	(6)	-	-
Belfast Metropolitan College	Mrs R Dougherty	Part-time Tutor	86 (8)	2 (11)	(1)	- -
Ulster University	Dr M O'Neill	Provost	214 (74)	250 (77)	(11)	- (16)

**NORTH WEST REGIONAL COLLEGE  
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**26. AGENCY ARRANGEMENTS**

	<b>2020</b>	<b>2019</b>
<b>(a) Support Funds</b>	<b>£'000</b>	<b>£'000</b>
DfE grants	357	400
Interest earned	-	-
	<hr/>	<hr/>
	357	400
Disbursed to students	(337)	(374)
Audit fees	(1)	(1)
	<hr/>	<hr/>
Balance unspent at 31 July 2020	<b>19</b>	<b>25</b>

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.

	<b>2020</b>	<b>2019</b>
<b>(b) Care to Learn</b>	<b>£'000</b>	<b>£'000</b>
DfE Grants	15	24
Disbursed to childcare providers	(15)	(24)

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 wrote off £7,309 in 2019/20 in relation to bad debts.

In accordance with Financial Memorandum the authorisation to write off individual debts greater than £2,000 should be sought from the Department. No debts written off were individually greater than £2,000.

The write off for debts less than £2,000 were approved by the Board of Governors.

The total number of cases written off was 23.

**28. THIRD PARTY ASSET**

The College holds a bank account on behalf of the Students' Union and at 31st July 2020 the balance in the account was £1.5k (£7.7k at 31st July 2019). This is not a North West Regional College asset and is therefore not included in these financial statements.

**NORTH WEST REGIONAL COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

**APPENDIX A**

**ADDITIONAL DISCLOSURES TO COMPLY WITH FINANCIAL REPORTING MANUAL**

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

	Notes	2020 £'000	2019 £'000
<b>INCOME</b>			
DfE income (non grant-in-aid items)	2	1,327	923
Education contracts	3	3,081	3,286
Tuition fees and charges	4	2,092	2,481
Other grant income	5	886	1,150
Other operating income	6	1,183	1,247
Endowment and Investment income	7	8	38
<b>Total incoming resources</b>		<b>8,577</b>	<b>9,125</b>
<b>EXPENDITURE</b>			
Staff costs	8	24,862	23,971
Fundamental restructuring costs	8	-	1,633
Other operating expenses	10	10,785	10,639
Depreciation/Loss on disposal of fixed assets	13	3,399	3,274
Exceptional costs	19	1,225	3,616
Interest and other finance costs	11	973	997
<b>Total resources expended</b>		<b>41,244</b>	<b>44,130</b>
<b>Net deficit for the year</b>		<b>(32,667)</b>	<b>(35,005)</b>
Unrealised (deficit)/surplus on revaluation of land and buildings		(135)	3,475
Actuarial gain/(loss) in respect of pension scheme		(12,590)	(2,790)
<b>Amount transferred to reserves</b>		<b>(45,392)</b>	<b>(34,320)</b>

**Analysis of reserves prepared under FReM**

		2020 £'000	2019 £'000
Balance at 1 August 2019		35,023	40,397
Grant-in-aid received in year	2	28,678	28,946
Net operating cost for year		(45,392)	(34,320)
<b>Balance at 31 July 2020</b>		<b>18,309</b>	<b>35,023</b>



north west  
regional college

Derry-Londonderry • Limavady • Strabane

