EXPLANATORY MEMORANDUM TO

The Further Education (Amendment) Order (Northern Ireland) 2026

S.R 2026 No. 3

1. Introduction

1.1. This Explanatory Memorandum has been prepared by the [Department for the Economy] to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2. The Statutory Rule is made under [Article 19(7) and Article 24(6) of the Further Education (Northern Ireland) Order 1997] and is subject to the [negative] resolution procedure.

2. Purpose

2.1. [Article 19(6) of the Further Education (Northern Ireland) Order 1997 states that the financial year of an institution of further education shall be the period of 12 months ending on 31st July. This Order is to amend the financial year end date to 31st March. The period of the financial year will continue to be 12 months.]

3. Background

3.1. [Through engagement with the six Further Education Colleges which are established under the Further Education (Northern Ireland) Order 1997, the Department/Colleges have agreed that the College financial year cycle should be aligned to the more traditional financial year periods that the Department and its other Arms-Length Bodies adhere to.

3.2. The change will remove the need for Further Education Colleges to prepare financial statements for two distinct year ends (31st July and 31st March) and be subject to two audits conducted by NI Audit Office (NIAO), reduce the scope for error, and lack of traceability and appropriate audit trail, currently created by manual interventions required to college systems which are not designed to cope with two year ends and reduce the high level of additional work, generated by two year ends and two NIAO audits, for Further Education College finance teams and ease the associated challenges of impact on staff morale, disruption of collaborative work, and lack of capacity to undertake value added activities.

3.3. There will be a transition of an eight month financial year for 2025/26, covering the period 1st August 2025 to 31st March 2026, following which the 12 month financial year ending on 31st March will be in full operation.

4. Consultation

4.1. Public consultation has not been carried out as the change is purely technical in nature and will not impact on the outputs produced by the six Further Education Colleges and the Department in terms of Annual Reports and Financial Statements prepared. The Department has consulted with the six Further Education Colleges to assess the current implications

of working to two financial year ends and the practical requirements to move to a 31st March year end. NIAO have been made aware of the proposed changes and have not raised any objections.

5. Equality Impact

5.1. A Section 75 Equality of Opportunity Screening exercise has been carried out and it is considered that the Draft Regulations will not have an adverse impact in relation to equality of opportunity or good relations for any of the section 75 categories. On this basis, no Equality Impact Assessment was undertaken.

5.2. A Rural Needs Impact Assessment has also been completed with no specific rural impact, positive or negative, identified.

6. Regulatory Impact

6.1. A Regulatory Impact Assessment has not been prepared for this Rule as it does not place an additional burden on business, charities or voluntary bodies.

7. Financial Implications

7.1. Year 1 costs related to changes to Agresso, the college accounting system, to align with the new year-end date of 31st March are covered by the Business Case for college accounting system change funding. There will be no ongoing costs arising from the change of accounting date.

8. Section 24 of the Northern Ireland Act 1998

8.1. The Department considers the Order to be compliant with section 24 of the Northern Ireland Act 1998. It does not alter existing rights or make changes to the way in which they are exercised]

9. EU Implications

9.1. [Not applicable.]

10. Parity or Replicatory Measure

10.1. [This Order makes changes to legislation which only applies in Northern Ireland.]

11. Additional Information

11.1. [Not applicable]