



## The Minutes of the Finance & General Purposes (F&GP) Committee Meeting Held on Thursday, 28<sup>th</sup> November 2018 at 5.30 pm

### Present

Tom Davies (TPD);  
Steven Mackay (SMK) (Headteacher);  
Kevin Ward (KW) (Chair of F&GP Committee);  
Stuart Weatherall (SWe).

### In Attendance

James Gare (JG), for Monahans Financial Services;  
Marya Marriott (Clerk).

### 1. Procedural Matters

- 1.1 KW welcomed everyone to the meeting.
- 1.2 Apologies were received and accepted from: Tahir Darr (TD); Joanna Symons (JS).
- 1.3 The meeting was quorate.
- 1.4 There were no declarations of interest.

### 2. Notification of Any Other Urgent Business

There were no additions to the published agenda:

### 3. Presentation of the Annual Accounts

The following items were circulated at the meeting:

- i. The draft Trustees' Report and Financial Statements for the Year Ended 31<sup>st</sup> August 2018 for Oldfield School
- ii. Oldfield School Management Letter Appendix – Matters Arising from the Audit for the Year End 31<sup>st</sup> August 2018
- iii. Graph - (anonymised) Free Reserves of Single Academy Trusts in B&NES, Wiltshire and Somerset

The accounting information fulfilled all the requirements detailed in the EFSA (Education and Skills Funding Agency) format, which was complex. The Academy trust was both an exempt charity and a company limited by guarantee. As an exempt charity it was exempt from registration at the Charity Commission but regulated by the Secretary of State for Education, with ESFA as the agent. As charitable company the Academy trust must comply with company law (set out in the Companies Act 2006) and charity law (set out in the Charities Act 2011).

JG praised Jane Higson (JH) (Finance Officer) and Ishbel Tovey (IT) (Executive Assistant to the Headteacher), both had linked very effectively with the accountants to ensure that all required information was provided; this was noteworthy because JH and IT had backfilled work normally completed by the Facilities and Finance Manager, who had recently left the school. (The new Facilities, Finance and Personnel Manager had been appointed, and would begin their duties on 1<sup>st</sup> January 2019.)

JG advised that the audit have been conducted by a different team from Monahans to ensure appropriate separation of responsibilities.

**Notes to Financial Statements (page 30)**

- a. £390K of reserves had been used to fund capital works, including the new fire alarm. A graph [item iii] plotted 31 schools' reserves against their running costs and benchmarked Oldfield's position. The school held 8 operating days' reserves, which was below the school's policy and at the lower end of the levels held by the other schools. The school policy had been changed in 2017, reserves of 10-40 days had been agreed.

JG advised that a statement about the reasons for the lower level of reserves (opportunity cost) and the expectation of growth would be included in the statutory accounts. Governors noted that by the end of the 2018-2019 financial year, with lagged funding factored in, the school would be running its highest-ever surplus. The ESFA was received at the start of every month and salary payments were made later in the month so there were no operational concerns relating to cash flow.

- b. The true financial loss for 2017-2018 was £170K; that figure was affected by lagged funding (funding based on the previous year's student census.)
- c. The closing position of £121K (unrestricted general fund) was lower than the management accounts – this was because the management accounts tracked cash; the year-end accounts included debtors and creditors. The management accounts were correct in the sense that 'cash is king'. The level of reserves was also important because schools at risk of moving into a negative balance were required to contact the ESFA. A negative reserve balance was not expected at Oldfield School – going forward the position was very positive.
- d. There had been c£50K less funding available because staff costs had been higher than originally planned.
- e. There was a cash balance of c£360K – debtors and creditors were not included in the cash figure.
- f. The pension liability figure had slightly fallen.
- g. Debtors were at a higher level than the previous financial year.
- h. The level of creditors had fallen, this was partly because there was less deferred income; for example, payments from parents for school trips.

**Governors asked: The management accounts plan for a 5-year period, are they showing the real cash position (£362K) at 31<sup>st</sup> August 2018? Why doesn't the 5-year budget reconcile with the Annual Accounts? Is it that the difference between the statutory Annual Accounts and the year-end position is so don't breach the notifiable position?**

A: Accruals are technically a liability and are shown as such in the annual accounts. We generally expect them not to be materially different from one year to the next. The management accounts are to manage the expenditure (cash flow) through the year.

It was noted that, because the school had grown the operational cost for a day had also increased, which increased the potential demand on reserves.

**Action: JG** to forward template to reconcile statutory accounts and management accounts.

**Governors asked: Is depreciation included in the management accounts?**

A: No.

**Governors asked: To what does the 'Prior Year Adjustment' (cited on page 32) relate?**

A: Two years combined – we paid in advance for (3-years) Local Government pension contributions. We have come to the end of that arrangement, we expect to be offered another similar opportunity.

It was noted that although political uncertainty was creating some market volatility as yet it was not a particular threat.

JG advised the Committee that some reconciliation work had not been completed; that work was important to ensure that the Trustees had an accurate picture of the school's financial position. The school was due to transfer to new finance software that would enhance systems.

JG suggested that the school would benefit from temporary additional support from Monahans during the handover period when new software and changes to key staff were taking place. It was agreed that this item would be discussed under Any Other Business.

**Governors asked: How is the audit work Monahans undertake different from that carried out by Audit West?**

A: Audit West look at systems and procedures rather than the figures. SMK had identified some miscoding of financial transactions; the errors had been corrected but it was noted that errors could distort the figures and decisions.

**Governors asked: What was the size of the issue?**

A: In one case £39K was miscoded - which was Pupil Premium funding.

**Governors asked: When is the new software being introduced?**

A: 5<sup>th</sup> December 2018 – it will be a big improvement on the existing package.

**Governors asked: Is support being provided by the new company (PS Financials)?**

A: Yes, 5-6 days in house.

**Recommendations were detailed in item ii - summarised:**

- Introduction of a funding map would be beneficial (income dates). **Action: SMK**
- Missing statutory items relating to the Governing Board be added to the website. It was noted that this item was identified as Medium Risk – JG advised that it would be amended to Low Risk. **Action: JG/Clerk.**
- A Fixed Asset Register be introduced. (It was likely that a template was offered by PS Financials). **Action: SMK**

It was noted that the documents would be submitted for approval at the Full Governing Board meeting on 13<sup>th</sup> December 2018. **Action: SMK**

Following approval by the Board, as required by the EFSA, the audited accounts would be:

- a. Submitted to Companies House by 31<sup>st</sup> December 2018
- b. Published on the Trust's (school) website no later than 31<sup>st</sup> January 2019.

**Action: SMK/Clerk**

[JG withdrew at 6.00 pm]

**4. Staffing Update**

The Committee was pleased to note that Ishbel Tovey had been appointed Facilities, Finance and Personnel Manager with effect from 1<sup>st</sup> January 2019. The recruitment process for a new Executive Assistant to the Headteacher was underway.

**5. The Minutes of the last meeting (18<sup>th</sup> October 2018) and Matters Arising**

**5.1** The minutes were agreed to be an accurate record of the meeting. They were signed by the Chair.

**5.2 Matters Arising from the previous minutes**

Please see pages 7.

## 6. Budget & Forecast 2018-2019; Cash Flow Forecast

The following papers were circulated at the meeting:

- Budget Dashboard, as at 29 November 2018.
- Income/Expenditure Report - 200 PAN (Pupil Admission Number) from 2020 onwards
- Income/Expenditure Report - 224 PAN (Pupil Admission Number) from 2020 onwards

Due to preparations for the changeover to PS Financials software it was not possible to provide a budget update with regards to expenditure to date against budget and forecast. Budget forecast information had been provided to inform the discussion CIF bids and other capital programmes.

The Budget Dashboard, based on the management accounts, was used to illustrate:

- a. Income/Expenditure until the 2022-23 financial year (8-form entry).
- b. The school's forecast cumulative carry forward for the same period.
- c. Pupil income against teacher costs.
- d. Overall breakdown of current staff costs by type and percentage of total staff budget.

The Dashboard also forecast balances for the same period:

In year surplus/deficit

Brought forward surplus/deficit

Cumulative surplus/deficit carried forward

Revenue carry forward as percentage of budget.

It was noted that:

- e. Budgeting was prudent and forecasting cautious.
- f. The cumulative carry forward for 2018-2019 (£357K) was forecast to be very similar to 2017-2018 at the same point in the year.
- g. There would be no funding lag from 2020-21
- h. Income would begin to decline from 2021 in line with student numbers. The school would need to start planning for staff reductions for teaching staffing, to reflect the reduction in the form of entry if that decline took place. However, staffing costs would not fall as much due to factors such as pay rises (1% factored in) and increments.
- i. 224 as the PAN (pupil admission number) was sustainable.
- j. The reserves forecast for 2022-2023 would disappear in approximately 3 years.
- k. As per JG's advice, the school would need to know and track its uncommitted reserves to ensure it did not breach ESFA requirements.

**Governors asked: Is the cumulative carry forward essentially the cash held at the bank?**

A: Yes.

It was noted that additional funding (£29K) for the teachers' pay award, for the current year, had been received.

**Governors asked: Is the increase to Employer Contributions to staff pensions something that should be included on the Risk Register?**

A: Government funding has been confirmed for 2 years.

## 7 CIF (Condition Improvement Fund) Expansion Bid

A Budget Cost Summary for the Science/Design Technology Laboratory Extension (at 22<sup>nd</sup> Oct. 2018) was circulated at the meeting.

SMK advised that the bid was ready for submission. It was noted that a Significant Change Planning Application would be submitted to the LA (local authority).

The Committee was asked to consider the size of the school's financial contribution to the bid. The Committee noted its disappointment that the period of 'tender validity' had not been included in the issued tender documents.

**Governors asked: Are you happy with the initial bids received?**

A: Yes. We received 4. With one exception prices came in under the planned budget. The exception came in at £150K above the others.

**Governors asked: Bids went up to £1.5 million – was that related to the expansion of the wall and the need for more groundwork?**

A: Yes.

**Governors asked: Do we have to select a company in principle before we know whether we have the funding?**

A: No.

**Governors asked: Are you happy with the design?**

A: Yes – and with the improvements to the flow through the school.

**Governors asked: Will we need a Landscape Impact Assessment from the LA?**

A: Yes. Apparently there were some issues when the sports hall was built.

**Governors asked: Should the need for a Landscape Assessment be identified as a risk?**

A: Possibly.

**Governors asked: What happens if the CIF Bid is submitted, we've made the financial commitment but the Land Assessment says we can't go ahead? Will re-design of the building be at our cost and risk?**

A: Yes – and it is a risk. We were hoping to submit the bid with planning in place. We are still hoping for a statement of support from the LA. We know that the Landscape Assessment officers have to say 'yes' before it goes to planning.

**Governors asked: What support might we get from the LA?**

A: Confirmation that planning will be granted to the landscape assessment.

The total estimated costs (rounded) were estimated to be £2, 690,000. The figures had been provided by the Quantity Surveyor.

**Governors asked: Which tender figure will be used in the bid?**

A: We'll be guided by the architects.

A budget of £125-£150K to furnish the new build was included in calculations. The school would apply to the Wolfson Foundation Trust for grant support of £50K; this would be to refurbish a science laboratory in either Science 1 or Science 2. Grants were generally given for capital infrastructure (new build, refurbishment and equipment) across a number of fields, including education.

A contingency of £180K was included. It was noted that professional fees of £185K were included in the cost summary. It was agreed that the architects, Kendall Kingscott Ltd, would be asked to confirm that its fees had not been rounded down ie the current figure was not 10%. **Action: SMK**

It was agreed that the bid should include legitimate costs for project management at the school end should be included. **Action: SMK** to confirm management/operational cost limits with the architects.

If the school contributed £460K in total, which would include a contribution from the LA, it was anticipated that £40K would be needed in 2018-2019, followed by £170K from the school in 2019-20. It was noted that the architects would advise the school not to go above CIF budget guidelines for management/operational costs. It was noted that if the school's (other) CIF Bid, for replacement windows, was successful as well the overall contribution by the school would be reduced.

**The Committee agreed that, subject to outstanding questions being resolved satisfactorily, the school would fund 20% (£210K) of the project over 2 years. Action: SMK**  
It was noted that bids must be submitted by Noon on 13<sup>th</sup> December 2018.

**Governors asked: Is the car park going to be temporary?**

A: No.

It was noted that decisions other developments would need to be come to the Committee. SMK would provide estimated costs in the new year. Key projects included refurbishment of the Sixth Form and re-development of the former caretaker's bungalow as a SEND facility. **Action: SMK**

**8 School Improvement Plan**

This item was addressed item 7. (The up-to-date plan had been filed on GovernorHub.)

**9 Audit (Governance)**

It was agreed that this item would be deferred until the New Year. **Action: SMK**

**10 Risk Register**

The Register had been filed on GovernorHub but was being revised, following the Risk Management training session held on 8<sup>th</sup> November 2018. The session had been well attended by governors and members of the senior leadership team.

**11 Any Other Urgent Business**

Due to time constraints it was not possible to discuss additional support from Monahans. [Post meeting note: SMK would liaise with the Chair of the Governing Board.]

The meeting ended at 8.30 pm.

**Items for Next Agenda**

- a. Re-cast Risk Register
- b. Capital projects: Sixth Form; SEND.

**Dates of future F&GP Meetings:**

Thurs	24.01.19	5.30 pm
Thurs	07.03.19	5.30 pm
WEDS	01.05.19	5.30 pm
Thurs	27.06.19	5.30 pm

## 5.2 Matters Arising (Record of Decisions) from Previous Minutes

From 18<sup>th</sup> October 2018

**Item 5.1. 2017-2018 End of Year...**agreed large unfunded increases to Employer Contributions to Pensions be added to the Risk Register... **Action: SMK**

**Item 5.3. Governance Statement** **Action: Clerk** to update factual items ie changes to membership, attendance etc. [SWe, SMK and the Clerk had contributed to the task.]

**Item 7.1 (c). Scrutinising the budget.** Requirement for all trustees to see the Accounting Officer's financial reports 6 times per year. ...reports considered at the 6 F&GP meetings would be shared with all Trustees via GovernorHub. **Action: SMK** [New financial software would enable this to be easily done.]

...Accounting Officer would send monthly financial reports to the Chair of the FGB. **Action: SMK**

**Item 7.3 Pay Policy...**review of the Pay Policy was delegated to PSW Committee; ...scheduled for ...Term 6. **Action: SMK/Clerk.** [Scheduled]

The SoD would be adjusted to show that review of the Pay Policy was delegated to the PSW Committee. **Action: Clerk.**

### **Item 9.1 Internal Audit Report: Human Resources and Payroll System**

Areas for action identified in the report:

- An evidential/auditable trail of the pre-pay run and variance reviews is not maintained sufficiently, particularly including evidence of independent officer checks carried out. **Action completed**
- The School Financial Regulations Policy includes previous payroll processes and obsolete authorisation checks and controls. Limited separation of duties exists across payroll with a single officer responsible for all inputting and checking. **Action: New Facilities & Finance Manager,** once in post.
- Documented approval of the pre-pay run is not evidenced either from a senior member of staff or to the payroll provider. **Action completed** (system updated).
- Post pay run reports are not being reviewed or reconciled to the pre-pay run reports. **Action completed** (systems adjusted).

### **Item 9.2 Internal Audit Report: Contract and Leases Report**

Contract/Lease evaluations were not documented/evidenced.

**Action: New Facilities & Finance Manager, once in post.**

Register of Interests are not published on the school's website. **Action: Clerk** [This item would be completed on 1<sup>st</sup> December 2018 once all governors had confirmed that their details were correct.]

### **Item 9.3. Progress with 'Amber' Risks identified by Audit**

**Governors asked: We previously agreed that there would be a master document to monitor [so that progress with risks could be seen]?**

A: Yes; it will be addressed once the new Facilities & Finance Manager is in post.

**Action transferred: New Facilities & Finance Manager, once in post.**

**Item 9.4. Retention of Audit services (annual or 3-year agreement)...** the service would be retained. **Action: SMK**

**Item 10. Recruitment...**Governors would be involved in the interview process. **Action: SMK/KW/TD**

### **Item 11. Risk Register**

A training session on Risk Management ...was scheduled for 8<sup>th</sup> November 2018, ... this item would be deferred until the next F&GP. **Action: Clerk**