

The Minutes of the Finance & General Purposes (F&GP) Committee Meeting Held on Thursday, 23rd November 2017

Present

Steven Mackay (**SMK**) (Headteacher);
Simon Morris (**SM**);
Kevin Ward (**KW**) (Chair of F&GP Committee);
Stuart Weatherall (**SWe**).

In Attendance

James Gare (**JG**), for Monahans Financial Services.
Siobhan Randall (**SR**) (Finance & Facilities Manager; Chief Financial Officer; Company Secretary);
Marya Marriott (**Clerk**).

1. Procedural Matters

- 1.1 Apologies were received and accepted from: Tahir Darr (**TD**); Joanna Symons (**JS**).
- 1.2 It was noted that Vicki Jackson (**VJ**) had transferred to the Personnel & Student Welfare Committee.
- 1.3 The meeting was quorate.

2 There were no declarations of interest.

3. Presentation of the draft Annual Accounts - 1st September 2016- 31st August 2017

JG advised that:

- 3.1 The accounts were almost complete. Monahans Financial Services had taken over as the Trust's accountants from Hacker Young; some changes to practice were recommended.
- 3.2 Pupil Premium. Previous accounts identified a net figure; the gross figure should have been recorded; a difference in the balance sheet of c£60,000. The figure should be adjusted. **Approved.**
- 3.3 Creditors. There was a large (appropriate) balance; none had been shown in the previous year's accounts.
- 3.4 Pensions. The figure related to a local government defined benefit scheme. The size of the figure should cause no concern; it was an accounting adjustment and the impact was minimal.
- 3.5 Land and buildings. Previous accounts depreciated land as well as buildings. Enquiries had been made with Hacker Young; the company was unable to offer an explanation other than it was likely to have been inherited from its predecessor (Bishop Fleming).

Governors asked: What is the impact of this way of calculating depreciation? Are we showing too low a balance sheet?

A: At the moment a depreciation value is being calculated on the full amount. Land does not generally depreciate. We would suggest that an adjustment is made.

- 3.6 It was proposed that calculations would be adjusted to bring depreciation calculations (land and buildings) into line with the accounting treatment commonly used at other schools. **Approved.**
- 3.7. School trips. Accounting practice in relation to parental contributions should be adjusted. **Approved.**

Governors asked: How many more pupils do we have than last year?

A: c.60.

It was noted that the true operating deficit was c. £450,000, the 'in year' deficit was c.£200, 000.

3.8 Matters Arising from the Audit for the Year Ended 31st August 2017.

A table summarising the audit and containing recommendations was circulated. JG advised the that issues were generally low risk.

It was noted that:

- a. The current figure for capitalisation of assets was £250 which was very low for a school. It was recommended that this be increased to £1000.
- b. Straight line depreciation, at a rate of 4%, was applied to all assets and assumed a useful life of 25 years across the board; different levels of depreciation for different types of asset would be more appropriate. New assets such as CCTV could be included. Action: SR.
- c. Random sampling revealed that although all orders had been authorised, not all orders had been appropriately signed as authorised.
- d. The school's Financial Regulations Policy and Procedures Manual had been re-structured and was being finalised. It would be presented for adoption by the FGB on 7th December 2017. **Action: SR.**

Governors asked: What does that mean in practice?

A: It may mean that orders have been authorised by one person rather than two; a small number of orders was involved. SR was investigating the introduction of digital signing.

3.3 Benchmarking Report

The report, informed by data from 35 Trusts in the region, was circulated. The following points were highlighted:

- a. Day running costs held on reserve: schools' reserves were often lower than cash. Oldfield held reserves equivalent to 81 days running costs (above average) at the date of the meeting. It was noted that planned capital expenditure would move the Trust into the lowest quartile for reserves.
- b. The ESFA (Education & Skills Funding Agency) was usually unconcerned if Trusts held low reserves unless it was approached for support to pay essential running costs. SMK confirmed that funding predictions for the next 5 years had been made; the school's position was secure.

Governors asked: Is there any guidance from the ESFA regarding the size of reserves?

A: No. The Trust's Reserves Policy says that £500,000 will be maintained. We would suggest that the policy is amended, either to include a paragraph identifying how the reserve level will be brought back up or a 'boundaries' statement. The boundaries statement would provide greater flexibility.

The committee agreed that the boundaries statement would be added. **Action: SR** to adjust the policy and inform the governing body.

The Committee thanked JG for his very thorough report. JG withdrew at this point (6.45 pm).

4. Notification of Any Other Urgent Business

No additions were made to the published agenda.

5. The Minutes of the last meeting (19th October 2017)

Two amendments were noted:

Item 11, final paragraph should read:

It was agreed that an additional £100,000 would be ring-fenced for capital projects, regardless of whether the CIF Bid was successful. subject to the outcome of the CIF Bid. Actions: SMK

Item 19.1, second paragraph should read:

It was therefore agreed that school would vote for the funding to be devolved directly to schools' budgets. **Action: SMK.**

Subject to those corrections, the minutes were agreed to be an accurate record of the meeting. They were signed by the Chair and passed to SR for inclusion on the governing body's file.

6. Matters Arising from the previous minutes

Please see Page 7.

7. Future Years' Budget Planning: Scenarios, including National Funding Formula

Two papers had been circulated:

(a) Capital Programme 2017-2022.

This detailed paper included:

A summary of the condition of each of the Trust's buildings and identified action

Provided funding projections for the next five years

Made recommendations for the Committee's consideration which took account of health & safety and potential Condition Improvement Fund (CIF) bids .

(b) Asset Management Plan 2017-2018 (updated November 2017).

Governors noted that:

- 7.1 Building condition was reaching a tipping point; things were regularly breaking and the poor condition was potentially a threat to student numbers.
- 7.2 The poor condition was a reflection of insufficient maintenance in previous years.
- 7.3 Budgets now assumed there would be no increase in government funding.
- 7.4 The proposed Capital Programme reflected priorities in the Asset Management Plan.
- 7.5 The Fire Alarm system was in working order but obsolete; its replacement was being scheduled.
- 7.6 Every worst case scenario had been factored into funding projections. Additional income from the National Funding Formula now looked certain.
- 7.7 A successful outcome to the CIF Bid would result in significant upfront costs and fees for items such as planning permissions and architects.

Governors asked: At what point will we know 6th Form number of the coming year.

A: The deadline for applications is December 2017 but there is always uncertainty until students actually arrive at the start of the year.

Governors asked: Can we control all of the financial scenarios? What would be the impact of the 6th Form not growing?

A: Yes. For every 10 students not recruited £37,000 would be removed from budgets.

Governors asked: Are there any alternatives for the use surpluses that would benefit students, other than investment in buildings?

A: Staffing – both teaching and non-teaching; other learning resources; trips.

Governors asked: But you feel that buildings is the most important area for investment?

A: Yes. If we increased staffing we would rapidly run out of classrooms.

Governors asked: In the scenario which reduces the school to 7-Form entry, do the forecasts maintain the existing level of staffing?

A: Yes. We would still have 3 members of teaching staff above our needs. That overstaffing is used to support learning.

Governors asked: Do you feel that you have the right 6-Form provision? Are BTECS offered, for example?

A: The offer is right but space is an issue. We would like to offer some other things, for example catering but don't have the facilities.

Governors asked: So, a surplus built in for the next 4 years?

A: Yes. The picture is very positive.

Governors asked: Are the 6th Form figures (Year 12) ambitious?

A: They are in the middle. Sixty are planned for in 2019. Income is approximately £2,700 per student.

Governors asked: At what point should we draw a line under the 6th Form?

A: We have planned for it yet. We could do it and then grow the school again by increasing the school to 8-Form entry but there would be some moral arguments to consider. T

It was agreed that the coming year would be the first real test – no real effort to grow the 6th Form had been made previously.

Governors asked: Would reducing our reserves strengthen our case for an expansion funding?

A: Yes.

Governors asked: If we accept your recommendations would we have an additional £150,000 in-year deficit during 2017-2018?

A: Yes. However, we will review the position as we progress and revise plans if necessary. The work will need to be phased for operational reasons; which will be positive for cash flow purposes.

SMK proposed that:

Funding for refurbishment is significantly increased in 2017-2018 onwards to improve the areas of the school most in need of refurbishment and to address health and safety priorities.

In order to do so additional capital funding of £150,000 for 2017-2018, 2018-2019 and 2019-2020 should be allocated. This will reduce our reserves to £280,000 at the end of 2018-2019. These will increase to £374,00 by the end of 2019-2020 (in the worst case scenario). From 2020-2021 onwards at least £100,000 of additional funding should be allocated. With this additional expenditure the reserves at the end of this five-year forecasting period would be £463,000.

The Committee approved the proposal for recommendation to the FGB on 7th December 2017. Action: KW/SMK

8. Budget & Forecast 2017-2018 & Cash Flow Forecast

The following papers had been circulated:

- a. Five Year Budget Forecast from 1st September 2017
- b. Cash Flow Forecast
- c. Year End Accruals
- d. Reconciliation Statement

As part of (a), SR had provided the following summary of the YTD (year to date) position as at 31st October 2017.

- Total Expenditure YTD October was £861k versus YTD Income of £885k, resulting in a £25k YTD surplus.

Staff Costs

- Teaching & Support staff costs at a total level are 16% of full year forecast which is line with forecasted position for this stage of the year.

- Caretaking overtime costs included agency staff costs associated with the back-filling of roles to cover site vacancies.

Other Staff Costs

- Other staff costs were £4.4k as at the end of October, reflecting CPD training that is taking place across the school.

Premises Costs

- Repairs and maintenance costs are 24% spent already which includes unforeseen costs to repair fibre data cable to Penn costing £2350.
- H&S includes £2800 for maintenance of the alarm system
- Non-Contract grounds maintenance are overspent compared to forecast due to additional tree works required to support the repair/siting of the Data Cable.

Occupancy Costs

- Occupancy costs are 9% spent compared to forecast.
- £2.4k of refuse collection costs for skips

Departmental Capitation

- Head Teacher contingency fund is 50% spent compared to forecast due to absorbing costs for music department equipment and the costs for the Y7 BBQ.
- At a total level capitation budgets are 20% spent compared to forecast.

Non-Subject Capitation

- Non-subject capitation is 9% spent compared to full year forecast.

Admin Supplies & Services

- The School Fund skews the figures. The balance of Trip Income over Trip Expenditure is £34k YTD.
- No reprographic recharges have as yet been made to the department capitation budgets, pending a full reconciliation by Finance.

Agency Costs

- Full year agency costs are 13% spent compared to full year forecast.

Capital Expenditure

- ICT Capital of £15.5k YTD includes £11k for a 2016/17 Société Générale Invoice that was processed and paid post-year end.
- Capital of expenditure of £52k includes £28k of 2016/17 expenditure and £24k for Music Department replacement windows.

Income

- EFA and Pupil Premium Income received is 17% of Full year Forecast.
- Other Income includes balance of trip income over expenditure of £34k.

Governors asked: Was the repair (£2,350) to the fibre data cable funded from the repairs and maintenance budget?

A: Yes.

Governors asked: Is it correct to say that the difference between the budget and actual expenditure is currently £24,000 ie spending is on track?

A: Yes. The school will be development new management reports using SAGE software.

9. Capital Spending Programme Priorities (SMK)

This was dealt with at Item 7.

10. Staffing Update; Finance & Facilities Teams

SR reported that:

- 10.1 A Finance Officer had been appointed. The new member of staff would be supported by an experienced (temporary) member of staff during a handover period.
- 10.2 SR had been given line management responsibility for the team school site team. There was a full complement of staff in place but development was needed.
- 10.3 Update on Cleaning Contract. Issues relating to quality and staffing were ongoing. Advice from the school's lawyers had been obtained; termination of the contract was likely to be complex. The contract was scheduled to run until March 2019. A detailed log of meetings and requests for action and result was being kept. Alternative options were being explore, and contingency planning underway.

11. Annual Insurance Renewal

SR advised that insurance was currently provided by Marsh Ltd; a quote would not be available from that company until March 2018.

Zurich had quoted: £28, 476.37 for 1 year's cover; £26, 114.23 per annum for 3 years' cover. The cover would include ZM Safer Schools Package, valued at £3,300. It was noted that the government recommended a model based on £20 per pupil. However, that model did not include other insurance requirements such as motoring.

Governors asked: Are you recommending Zurich?

A: We will wait for the quote from March before making a recommendation. (SWe withdrew at this point.)

12. Review of Terms of Reference

The Clerk and Company had prepared a draft Scheme of Delegation (SoD) for the Governing Board, which was circulated at the meeting. Chairs would be asked for feedback before the submitted to the Board for approval on 7th December 2017. Once approved, the Terms of Reference for the Committee would be updated. **Action: Clerk/SR.**

13. Risk Register Review and oversight on behalf of FGB

The General Data Protection Regulation had been added. The Deputy Headteacher would lead work related to the introduction of the regulation in May 2018.

14. School Improvement Plan: Review of Progress against elements assigned to the committee

This item was addressed at item 7.

15. Items noted for next agenda: No items were noted at this point.

Date of the next meeting:

Thursday, 25th January 2018 at 5.30 pm

The business concluded at 8.15 pm.

6. Matters Arising from Previous Minutes

Matters arising from 19th October 2017

Item 9. Budget & Forecast 2017-2018

Governors asked: Was the lagged funding £157,000?

A: The figure will be checked and confirmed. **Action: SMK.** [The figure was c£273,000 (c60 pupils).

Further action: The value of LAG funding would be added to future spreadsheets. **Action SMK.**]

...the school's reserves would fall below the £500,000 level identified in its Financial Policy. The committee confirmed that it was content that was the case. The spending plans were approved. **Action: SMK**

Item 10. Cash Flow Forecast

It was agreed that a cash flow forecast would be presented to the next meeting. **Action: SR.**

Item 11. Capital Spending Programme

...£50,000 per annum should be retained as a general maintenance budget.

It was agreed that some of that funding should be ring-fenced as the school contribution to the CIF bid.

Action: SMK [Agenda]

The committee agreed that options for capital expenditure for the next 5 years should be provided. The options should be linked, as appropriate, to health and safety, improving standards, reducing costs, growth of the 6th Form. **Action: SMK** [Agenda]

It was agreed that an additional £100,000 would be ring-fenced for capital projects, subject to outcome of CIF Bid. **Action: SMK**

Item 13. Audit & Accounts Preparation Update

The accounts would be presented to the next F&GP Committee meeting. James Gare would attend on behalf of Monahans. **Action: SR/Clerk.**

Item 14. Review of Terms of Reference (Chair)

It was agreed that the Clerk and Company Secretary would draft revised TORs, which would come to the next F&GP meeting. **Action: Clerk/Company Secretary.** [The revised TORS would be produced once the Scheme of Delegation had been approved by the Full Governing Body.]

Item 15. Academies Financial Handbook 2017

Action: Clerk/Company Secretary to incorporate changes in to Scheme of Delegation and advise the Board. [Agenda]

Item 16. Appointment of Responsible Officer

It would be confirmed whether a 'Responsible Officer' position was a requirement for the Trust.

Action: Clerk. [The Clerk confirmed the Office was not required for a Trust with an annual budget of less than £10 million. Further action: Duncan Giles to be relieved of designated responsibility. **Action SR/Clerk**]

Item 17. Review of the Risk Register

It was agreed that the new General Data Protection Regulation (GDPR) would be added to the register.

Action: SMK (It was noted that Patrick Heuff, Deputy Headteacher, would lead.

Item 19.1 BANES Consultation: High Needs Funding

...school would vote for the funding to be devolved directly to schools' budgets. **Action: SMK**

From 29th June 2017

Item 14. Review of Charging & Remissions Policy

It was agreed that the policy would be updated ready for approval at the next F&GP Meeting.

Action carried forward: SR/SMK [SMK confirmed the that existing policy remained compliant with regulations.]

Item 16. Academy Financial Regulations Policy

It was agreed that SR and the Clerk would meet to identify and plot timescales for items explicitly linked to the governing body's role. Action ongoing: SR/Clerk

APPROVED BY COMMITTEE