**Resources Committee Meeting**

**Friday 5th October 2018 – 9.00am – i52**

## Present:

Mrs L Hedden (Chair of Governors)

Mr G Herniman (Chair of Resources)

Ms C Herman-Headteacher

Mrs K Boulton (Governor)

Mr A Worth (Governor)-(9.15am arrival)

Mr S Roberts (Business Manager)

Mrs D Matthews-(Finance Manager)

Mrs L Smith-(scribe)

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| 1. | ApologiesNone. |
| 2. | **Minutes of last Resources committee meeting**  Minutes from the Resources meeting held on 22nd June 2018 had been distributed, were not contested, and were discussed, agreed, and signed. |
| 3. | **Matters arising from the last minutes**  Discussion ensued around Governors expenses policy – LH recalled that it was documented somewhere. SR to check the Finance Regulations as this is where it’s expected to be. It was agreed that no expenses were to be claimed by Governors. SR to ensure the Finance Regulations reflect this. |
| **4.** | **Business Interests Updates**  None declared. |
|  | **Budget Position**  A narrative and back up information had been provided by SR to Governors prior to the meeting. SR discussed the content of the narratives, highlighting:   * 2017/18 year end was expected to be £310,000. Current actual figure is £315,000. This may increase by £35,000/£40,000 depending on capital to revenue journals that MWS are likely to put through in December. SR gave an overview of what capital to revenue expenditure comprised of. * The current position for 2018/19 is £164,000 carry forward.   Staffing costs were taken from the latest calculators and include the full impact of the recommended teacher pay rises.  The following significant variations from the budget were explained by SR as follows:  Pupil premium income needs to be reduced by £14,000. SR explained that the census data reflects our actual pupil premium on roll and the ESFA don’t fund them till the following April, which has caused the difference from what was budgeted.  Mini bus costs have increased up by £10,000 due to the two new mini bus leases.  The 18/19 TPS provision has been removed as we now have confirmation that it won’t be implemented until September 2019. |
| **5.** | **Cashflow**  SR explained that September’s cashflow had not been reconciled yet. It will be done and circulated to LH, GH and CH as per the Academies Financial Handbook (AFH) requirements as soon as possible. September and October’s reconciled cashflow report will be presented at next Resources meeting.  **Virements**  Virement 22 from 2017/18 and Virements 1-4 from 2018/19 were discussed, approved and signed.  **5 Year Financial Plan**  SR explained that a 5 year plan was being presented instead of the usual 3 year, to demonstrate the expected growth from predicted deficit position, when moving into 2021onwards.  SR explained that a new model of the 5 year plan had been used, as the ECC finance template was too restrictive. The new model very closely reflects the lines in the budget and is much easier to work with and analyse.  Two versions of the 5 year forecast have been prepared to show possible variances with the funding for the teacher pension increase. Version one includes 1% of the salary bill as a safeguard in case the Government funding doesn’t cover the full costs.  A narrative and back up information had been provided by SR to Governors prior to the meeting. SR discussed the content of the narratives, highlighting:   * 2019/20 onwards GAG funding has been calculated using the latest information from the School’s Forum. * Carry forward to 2018/19 - it has increased by £35,000 (capital to revenue). * 2018/19 pupil premium income reduced by £14K. * 2019/20 onwards, support staff pay rises forecast at 2%. * 2018/19 and 2019/20 forecasts includes the full impact of the expected teacher pay rises. * 2020/21 onwards – teacher pay rises forecast at 2%. * The teachers pay grant is expected to be £79,000 and the costs to the school are £133,500, which falls £54,000 short of covering our costs. * Forecast includes the final falling rolls payment in 2019/20. * Budgets may have to be frozen in 2019/20. GH queried which budgets would be frozen – SR explained it’s likely to be things like curriculum, school improvement and professional fees. Any budgets such as energy where costs are known to be increasing can’t be frozen.   Discussion around the expected teachers pension increase of 7.2% took place and SR explained that if the increase is fully funded as indicated by the Government, then Version 2 of the forecast is likely to be the most accurate.  SR had modelled various options around the implementation of the teacher pay rises. SR and CJH had explored the impact of these and felt that the recommendations should be implemented across the board. This had been built into both the versions of the forward forecast.  LH explained that Resources Committee needed to make a decision on the affordability of implementing the pay rises in order to provide recommendation to pay committee. All agreed to recommend the full implementation.  GH asked about the checking mechanisms surrounding the new forecast spreadsheet. SR explained that the previous year’s figures had been input to check that the formulas were calculating correctly. Line one of the forecast can be matched exactly back to the current budget. Line two-can be matched back to current budget with all virements included. Future years forecast figures are checked by SR. Additionally, SR and DM review these forecasts together. Periodically Essex Finance will be involved in reviewing these forecasts also. The Committee agreed that this level of scrutiny is as comprehensive as can be.  GH asked how the in year surplus is so much higher in 2021/22 than the previous year. SR explained that there were over 100 more pupils funded in that year which equates to about £450,000.  There was discussion around intake numbers moving forward, and it was noted that careful planning will be required over the next few years to manage growth and capacity of the School.  SR noted that the KPI’s had been omitted from the financial forecasts and were as follows:  Staff pay as a percentage of total expenditure = 81.5%  Average teacher costs = £49,773  Pupil to Teacher ratio = 16.58%  Staff costs as a percentage ESFA and LA funding = 87% |
| 7. | **Staffing**  CJH had very recently presented a staffing update to Governors. There had been no significant changes, however there had been an unexpected support staff resignation the previous day, which was being covered.  General discussion around possible future staffing options were discussed. |
| 8. | **Academies Financial Handbook 2018 key changes**  The key changes coming into effect with the new Academies Financial Handbook 2018 were discussed highlighting:   * The management reports must be circulated to LH, GH and CH monthly. It was agreed that these will include cashflow and budget position. * The 5 KPI’s were agreed as: * Staff pay as a percentage of total expenditure * Average teacher cost * Pupil to Teacher ratio * 3-5 year budget projections * List of contracts and renewal dates   SR suggested that the KPI’s to be included in the strategic report section of the annual accounts should be points 1-3 as above, staff costs as a percentage of ESFA and LA funding, and in year surplus / deficit analysis.  These can be presented as achievements against targets or trends over time. KPI’s for the accounts can also include exam results, Ofsted inspections, attendance data and pupil recruitment data.  As of April 2019 Connected Party Transactions will need to be reported to the ESFA. This led to discussion around the constrictive rules around Connected Party Transactions and the negative affect it can have on the School’s ability to deliver good value for money. SR to discuss the procedure and required evidence for compliance with the new regulations with MWS, with a view to discuss at the next Resources meeting, when MWS will be in attendance.  LH raised the AFH recommendation that at least two members of the Board are non-trustees. Discussion ensued around the challenges of recruiting for these roles. LH noted this is to be kept under review for future action. |
| **9.** | **ESFA Letter September 2018.**  The letter from September 2018 was discussed. Key points from this included:   * Items from the AFH 2018 including connected party transactions. * Requirement for monthly financial reporting to Chair and Headteacher. * Acting on audit findings. * Financial controls. * Better financial reporting systems being released by the ESFA |
| **10.** | **Updates**  Cleaning tender – Churchills were successful based on our evaluation matrix. They demonstrated significant value added over the current contract and costs came in within what was budgeted. The contract will commence 22.10.18 and is for 3 years, with the option of a one year extension, followed by a further year extension.  Insurance – SR reported that we had continued with the ECC and Zurich insurance. Other options such as the RPA had been considered but didn’t cover everything we needed. When additional premiums were added, no significant cost savings were identified. SR will continue to evaluate other options each year to ensure best value for the school.  Fire Safety / Cladding – following the letter received from ECC, SR compared their recommendations and HSMI report to SHS, and we compared favourably to recommendations. Last year PCH undertook a review on the composition of our cladding and confirmed that it is compartmentalised and has fire breaks every two meters leaving us with no concerns. We also had an enhanced fire safety risk assessment carried out by an external provider and no concerns with the cladding were found.  Business Continuity Plan - SR reported that this replaces the Crisis Management Document and requests that the plan be approved by Governors. LH proposed to recommend for approval in correspondence with full governors by distributing the plan via email. SR indicated the plan contains some personal sensitive information. It was therefore agreed that governors would be directed to the password protected version on Weebly.  Resources were happy to recommend for approval on this basis.  School Mini Buses – SR reported two new mini buses had been delivered and were being well utilised by the School. Further legal advice had been sought and Essex Legal indicated that we would only be able to pursue repair costs via a court claim. Recommendation was that SR write directly to Burrells to request reimbursement, as there would be costs involved for ECC legal to write this on the School’s behalf. SR suggested that if reimbursement was not forthcoming it is unlikely to be economically viable to pursue through the courts, as it will cost more than the actual claim. SR will send this letter and provide the DVSA a full report of the actions of Burrells, as they would be the Body who would prosecute.  Payroll – References were taken up on SGW, all were returned favourably, as previously agreed the School has confirmed the changeover of payroll to SGW-Changeover is scheduled for 1st December. Data for October will be checked with SGW and a parallel payroll run will be produced in November.  Salix Lighting project – SR reported that he had placed the project on hold, as at the pre-start meeting the schedule of works and cost saving did not match up with the original specification. If the necessary cost savings can’t be achieved, to make this project viable SR will cancel. AW suggested that in the future we could buy parts and separately contract a company to install which could yield significant savings. |
| **11.** | **Policy Reviews**  The Educational Visits Policy was agreed for recommendation to FGB for ratification. |
| **12.** | **NatWest Bank account** |
|  | It was reported the balance is £1,329.08 as at 7.9.18 |
| **13**. | **A.O.B**  AW enquired about the energy analysis for 2017/18. It was agreed that SR would bring this to the next meeting. |
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**Date of next meeting: 30th November 2018 – 8.30am start in i52**