**RESOURCES COMMITTEE MEETING**

**FRIDAY 27th NOVEMBER 2020 – 8.30AM – via Zoom**

## Present:

Mrs J Swettenham Chair of Governors

Ms C Herman Headteacher

Mr A Worth Governor

Mr Williams Governor

Mrs K Boulton Parent Governor

Mr N Purbrick Parent Governor

Mr S Roberts Staff Governor-Business Manager

Mrs D Matthews Finance Manager

Mrs L Smith Scribe

Clive Smith – MWS – Auditors

Kerry-Anne Jervis – MWS - Auditors

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| 1. | APOLOGIESNone | **Action** |
| 2. | **ACCOUNTS PRESENTATION-MWS**  Findings for audit and regularity report were discussed first. Audit findings were clean and MWS were pleased to report no issues. KJ noted that as this had been a challenging year, and it was testament to the hard work of DM, SR and the accounts team, that no controls were weakened.  **Report to Management** – KJ explained this was purely advisory points to the school. It is not published anywhere and is only intended to be advisory not compulsory. The content of the report was discussed highlighting:  Component accounting Different parts of the buildings having different value and longevity. These could depreciate at different rates. Something to be reviewed for the future.  Members/Trustees – ESFA suggest these roles are kept separate and have a degree of separation. SR reported SHS is to vote in more members which should give us 5 including 4 non trustees.  School website – Governor attendance at meetings needs updating and will be done.  Financial Regulations – Unfortunately due to Covid amendments to the wording surrounding Capitalisation limits had been delayed. SR agreed that it could do with reviewing but felt the phrase “potentially mis-leading” was a bit strong. It was agreed to change this to “may benefit from clarification”. This will be reviewed at a future Resources meeting.  EFSA Accounting Officer Letters – Ensure that these are discussed and minuted. SR explained these would be taken to each FGB to not just Resources which had already been discussed and agreed at a previous meeting.  Internal Review –ESFA have expectations have been increased with further definitions included. It was agreed that the risk register would be reviewed annually at FGB, not just every other Resources meeting. MWS provided advice on directing internal scrutiny not just relying on the ICE process. This had also been discussed at a previous meeting and actions already in place.  Statutory Filings – Two Trustee changes were not filed within the statutory 14 day requirement.   * KJ confirmed there were no irregularities. * KJ reported on the reports and accounts   KJ reported on the Statement of Financial Activities (SOFA) – and ran through each of these headings and their definitions.   * There will be fluctuations this year due to school closures and won’t be fully comparable – due to no lettings, no school trips etc. * KJ explained what the movements entailed and what they related to. * There was an adjustment in pensions due to the McLeod case. * Balance sheet - £26M capital assets (£207,000 of unrestricted funds). * Debtors & cash – Debtors gone up, trip costs deferred. * Creditors – funds taken from pupils, not yet refunded. * Salix loan – some paid off this year. * Pension liability increased from £4.8M to £5.2M approximately. * KJ ran through the restricted and unrestricted funds – net movement was a £470,000 loss this year compared to last year’s much smaller loss. SR noted that this was not unexpected and is in line with the current financial plan. * Cashflows – KJ ran through this explaining the large deficit this year (due to the pension scheme). * Unrestricted income – trips / Visits down and some government grants down – (capital income from ESFA). * GAG caught up with pupil numbers. Falling role funding down. Dfe ESFA grant increase in teachers pay and pension, School Games organiser and Corona virus exceptional support. * Income from trading activities – lettings –decreased due to closures.   Costs up overall, mainly due to salaries, teachers pension contribution rate increased by 7%. Staff costs are up due to staff pay rises. Education supplies decreased, probably due to not being physically in school. Staff development down too.  Support costs are increased – cleaning costs up, necessary extra cleaning around school, but transport and security down. The same applied for catering – as the government issued a policy procurement notice to support suppliers to help keep them afloat.  Pay costs up from £4.3M to £4.6M this year.  There was some asset work done during the year – capital works in the year, PC works and furniture. Overall total has gone down slightly (level of depreciation).  Salix loan has decreased this year, (as part repaid).  KJ ran through the adjustments during the year – debtors/creditor changes, capital grants, depreciation. KJ also gave an overview of the analysis of net debt.  Pension note – discount rate down 1.85 to 1.6 – amount actuaries state to set aside for pensions. Investment of assets explained by KJ and each line of costs reflected. The impact on pensions was due in part to two cases – McCloud/Sargent case. Guaranteed minimum Pension Equalisation and Goodwin case.  Related Party Transactions – KJ gave explanation of what these details reflected.  Bursary funds were distributed to 16-19 on behalf of the ESFA.  JS raised question about deficit – driven by a number of factors. KJ provided reasons why certain items had either decreased or increased. KJ confirmed that Covid has definitely had an impact on schools. CS interjected by saying that the increase of staff cost is pretty notable, but to focus on budget going forward. SR said we’d had a large expected in year deficit prior to any of the above happening, but explained that the school were aware that staffing was to increase, due to increase in pupil numbers.  KJ thanked DM and SR for their help with this audit which had been more challenging than normal due to the circumstances.  KJ and CS left the meeting at 9.07am.  It was unanimously agreed to recommend the Reports & Accounts to FGB on 1.12.20 for approval. |  |
| 3. | **MINUTES OF THE LAST RESOURCES COMMITTEE MEETING**  JS raised topic of Trustees report – SR to deal with the wording issues at FGB.  Minutes from the Resources meeting held on 9th October 2020 had been distributed, were not contested, therefore they were approved. |  |
| 4. | **MATTERS ARISING FROM THE LAST MINUTES**  SR confirmed that the bank mandate had been amended – Graham Herniman removed as authorised signatory, adding Katharine Boulton as Chair of Resources. |  |
| 5. | **BUSINESS INTEREST UPDATES**  None declared |  |
| 6. | **FINANCE REPORTS**  A narrative and back up information for Budget Position, Cashflow, and 5 Year Forecast, had been provided by SR to Governors prior to the meeting. SR discussed the content of the narratives, highlighting:  **BUDGET POSITION**  Outturn was £82,000 currently. SR explained variances – rebate from eon – nearer £35,000 now. Also another apprentice starting in year, will draw more funding. Additional expenditure in region of £34,000, key parts were covered in narrative. Premises costs increased due to fact that students are spending more time outside. Initial staff calculations added extra an £21,000.  Income approx. £40,000 increase  Expenditure approx. £45,000. increase  SR explained that the £14,000 back pay for support staff had been included in the last forecast but on review, it had been included in the year end journals so had now been removed from the forecast.  Covid costs reclaim which covered July and August is still to be advised. Possibly £23/24,000 to come back. Also trip expenditure for cancellation fees still to be claimed but with no expectation of recovery, therefore has to be left as an assumed cost for now.  SR looked at the cost of sanitiser and other various PPE products and estimates this to be in the region of £6,000 for the first half term. Estimations for the full year are thought to be £35,000. Some of this cost is already within the budget, but could potentially need an extra £12,000.  SR reported that the outturn is looking reasonably healthy.  **The budget position report was discussed and approved by the committee**.  **5 YEAR FINANCIAL PLAN**  The main assumptions used for the forecast were discussed.    SR explain years 4 and 5, levelled out expenditure, although is speculative. Years 1, 2 and 3 are the main focus which give a good indication based on what we know at this point.  The forecast continues to be on track but this year has a lot of uncertainties caused by Covid.  Risks and opportunities were discussed, including, risks to traded income should we enter another lockdown, possible ESFA cost reclaim and trip insurance claim, ongoing covid management costs.  National funding formula implementation was discussed. SR has modelled possible impact based on assumed figures and it is unlikely to have a huge impact, possible small increase.  Likelihood of pay freezes in public sector may mean expenditure is reduced (if funding is maintained at current level) which would be a big help.  SR informed Trustees that he has created a spreadsheet of anything Covid related that the school has had to fund, and total so far, £143,000. There is a potential £40,000 reclaim, although nothing definite. CH reported on discussions across Essex schools who are in a similar position. Discussion then took place on pay freezes next year and how this would impact on moral and motivation. CJH noted this will undoubtedly affect the recruitment crisis.  **The 5 year forecast was discussed and approved by the committee**.  **VIREMENTS**  Virement 2 – cricket academy coaching costs  Virement 3 – support staff back pay, should have been a journal  Virement 4 – staffing calculators  Virement 5 – added up expenditure and incomes  Virement 6 – Geography catchup books  Virement 7 – reverses virement 3  **All Virements were discussed and approved by Committee, and would be signed next week by the Chair**.  **CASHFLOW**  SR reported on how the forecast was put together based on the budget plus known income and expenditure variances.  Some significant cashflow items relating to previous years budget had been included as they came in in Sept as follows:  £67,690 falling roles funding that arrived in September (not August). A huge rebate on Barcelona trip that came in September. Debtors from last year – amount to £330, which also came in September.  Employee accruals of £17,000 is the £14,000 of back pay from support staff increases.  It was noted that no forecasted months had dropped to significant levels. SR will do a reforecast, especially in light of lettings decrease.  NP asked how anything of major financial significance is alerted to Governors. SR confirms that it would be reported through the cashflow report or narratives throughout the year.  **Cashflow report was discussed and approved by the committee**. |  |
| 7. | **BENCHMARKING**  SR explained the valuable tool of benchmarking which the ESFA provide. SR shared this annual report card with the committee and explained SHS is fairly in line with other schools. These cards are 1 year out of date and comparisons to other schools can vary as schools have various systems, and as such can be categorised slightly differently. .  Although the benchmarking card is of limited value as it is a year out of date and pre-set comparisons, SR explained that there is an online VMFI tool where SR can benchmark using any number of criteria – suggests looking into what would be useful first. Targeted benchmarking in future could be useful and will be conducted and reported on.  KB noted that data needed appropriate context. |  |
| 8. | **STAFFING UPDATES**  CJH reported that a member of the English department is leaving at Christmas and being replaced by a teacher apprentice on a reduced supported timetable, eventually leading to a QTS.  Approximately 2.5 FTE increase in teaching staff required for next year, and pointed out that the financial impact and curriculum development go hand in hand. JS asked if the apprenticeship recruitment route will be more utilised moving forward. We currently have a Music teaching apprentice this year and an MFL Spanish assistant will likely be going onto a teaching apprenticeship next year so we are doing quite well on that front.  CJH also gave an overview of another individual who has extra expertise in Art and provides workshops for 6th form. CJH explained SHS are looking to offer an “Artist in Residence” role and ultimately provide a creative way of building capacity. |  |
| 9. | **ESFA LETTERS**  None. |  |
| 10. | **UPDATES**  **Energy Update**  SR updated the Committee on the recent energy meter issue and refund that is in hand. SR doesn’t see any merit undertaking a full energy assessment currently, due to the school closure and meter issues experience this year.  **De-carbonisation project**  SR reported to Committee that the Government had introduced a project worth £1 billion grant scheme which is now open to academies – although has a tight window on submission deadlines. SHS is already in a good position and is ready to go with the information required. A grant application has already been submitted and approved (costing £1,500). SR has been working closely with PCH doing a comprehensive plan to upgrade lighting, heat pumps and curtain walling projects. The deadline is January with potentially significant works commencing next year. |  |
| 11. | **RISK REGISTER**  KB acknowledged the yellow highlighted amendments that SR had made and Committee approved these. It was noted that the remote learning had been working well. |  |
| 12. | **POLICY REVIEWS**  Performance Management – Committee were happy to approve.  Pay – JS queried the wording “criteria” in section 9.1.2.  “in accordance with procedure” – a decision was made to remove wording – SR to take back to KW p.3 2.1.1 Appendix A, B & C.  **Approval was given to Pay Policy**. | **SR** |
| 13. | **A.O.B.**  SR reported that due to the large in year deficit (£300k) in 2018-19, the school is required to receive an advisory visit from an SRMA on behalf of the ESFA. This is a 5 day inspection and will take place remotely in January. The conclusions will be relayed to the Resources Committee when available.  SR had explained to the ESFA that the 2018-19 was expected and in line with our financial plan due to the rapid growth of the school over the last few years. He also updated them on the current position but it is a bit of a blunt tool, once triggered by the system, they insist on running the assessment.  SR noted that the recommendations are voluntary and is happy to engage with the process as there is always a possibility we will pick up some good tips.  JS thanked CJH and SR for their hard work in light of the extremely challenging climate this year. |  |

**Date of next meeting: 12th February 2021**

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**Signature of Chair of Resources Committee:………………………………………**

**Date: ……………………………………………..**