**Resources Committee Meeting**

**Thursday 24th November, 2016 - 4.30pm – i52**

## Present:

Mrs L Hedden (Chair of Governors)

Mr G Herniman (Chair of Resources)

Mr A Lunn (Governor)

Mr D Simpson (Governor)

Mr A Worth (Governor)

Mrs R O’Hara (Governor)

Ms C Herman-Headteacher

Mr S Roberts (Acting Business Manager)

Mrs D Matthews-Finance Manager

Mrs L Smith-scribe

Auditors-MWS

Kerry-Ann Jervis-Scott

Clive Smith

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| 1. | Apologies None. |
| 2. | **Review of Annual Report & Accounts 2015-16**  Clive Smith (CS) from MWS gave an overview of the 2015-16 annual reports, highlighting the salient points to the Committee as and where necessary.  There were amendments on the first page of the trustee names which had previously been addressed – a more up to date version was put on screen to run through for the purposes of the meeting.  Page 14 – cash balance was different – this was clarified and explained.  Page 20 – Governor statement – CS noted a good level of attendance at meetings, including the Finance & Premises Committee and the Staffing Committee (now known as the Resources Committee), which was a sign of good governance.  Pages 28 & 29 – citing this as one of two issues of particular note, CS explained why auditors needed to record the School’s failure to comply with its own financial regulations. The reasons for doing so were sound but also needed to be recorded in the report to explain the error. He reported he and CJH would agree a form of wording. Governors recalled the discussion around the tender process to which the issue related but it had not been recorded in the minutes, which it should have been.  Page 30 – SOFA – CS gave an explanation of the headings, highlighted the salient figures where there was overspend. CS reported on the shown loss of £1.8M, which related to the LGPS, explaining that ultimately, this is not the liability of SHS. However, the second issue he wanted to ensure governors understood was the LGPS fund was due to be revalued in January and schools’ contributions to the deficit were likely to rise as a result. Many academies were concerned about the potential impact on budgets that might result. SR confirmed he had already factored in 1.5% increase to forecasts in anticipation. However, if the increase was above this, all academies would be facing similar pressures.  AL enquired about pensions in March 2016, CS explained the differences in deficit liability between TPS and LGPS. SR indicated that the new rates for LGPS would be known in Jan 2017 and any changes would then be used for refining the forecast budget.  **Balance Sheet** – Snapshot showed there is a £27M assets value with debtors £351K (£218K reduced costs), carried forward as a pre-payment as it took effect in September. Explanation was given by CS as to how the figures made sense and didn’t reflect a negative. Accrued income was also in this figure.  **Cashflow** – CS gave a brief overview to the Committee.  AL raised issue with the definition of unrestricted and restricted funding with trips - Discussion ensued on this matter.  AL discussed the NI increases, which resulted from a mixture of staffing. It was noted that supply teacher costs had halved.  Page 39 – note 3 – CS discussed the revenue made from hiring of facilities, pointing out that this is an area which can be developed.  Note 5 and 6 – There was discussion regarding educational supplies costs which had halved. MWS will supply a breakdown of what this consists of and SR will investigate.  Page 41 – Expenditure showed £5.7M staff costs, equating to 99% of GAG income. CS reported that indicative rates show that it should be approximately between 80-90% and explained that the EFA will question this. CJH raised the point of the Schools Forum and other income and the impact that this will subsequently have on the percentage of income against staff costs.  Page 42 – The wording of “management” was discussed – it was decided to amend to “Leadership”.  Page 43 – Explanation of naming personnel was given.  Page 45 – CS gave brief explanation of the Salix loan.  It was also noted that the spelling of “Petchey” is spelt incorrectly on page 38 and page 46.  Page 50, note 25 – CS pointed out discount rate and expenditure assumptions made by actuaries.  LH and AL to give SR amendments – SR to amend the documents and send changes to MWS. LH explained (for benefit of those who had not sat previously on the F & P Committee), that the accounts are then recommended to FGB. Changes to be made and checked by end of w/e 2/12/16, so the accounts could be distributed to governors in time for the FGB meeting.  CS reflected the contents of the management letter, which confirmed that all but one of the issues raised last year had been cleared and the one that wasn’t fully cleared – some purchases made without orders – had significantly improved.  MWS left the meeting at 5.45pm. |
| 3. | **Minutes of previous meetings**  Minutes from the F & P meetings of 22nd June 2016 and 11th October 2016 and of the Staffing one of 7th July 2016 were agreed and signed off. |
| 4. | Matters Arising from the last finance & premises committee There were no matters arising that weren’t elsewhere on the Agenda. |
| **5.** | **Business Interests Updates**  None. |
| 6. | **Finance Reports**  **Budget position** – narrative back up information had been provided by SR to the Governors prior to the meeting. SR gave an overview of the work that he and DM had undertaken on the budget. He explained that total staffing costs were showing a deficit of £1,949 at the end of October, this was due to maternity cost calculations and would probably be £0 by the end of the year. He reported that positive changes and improvements had already been made with the setting up of spread sheets for Teachers and Support Staff cost adjustments throughout the year to track and record all changes.  SR referred to the spreadsheet outturn and the virements required. SR gave an explanation of the different headings and how he is manually entering realistic expected expenditure figures to give an accurate outturn figure on each report.  DS asked about the replacement funds required in order to replace the astro turf eventually. SR explained his strategy for increasing allocations into the sinking fund annually to meet the commitment to the Football Foundation.  Brentwood Delivery Group is under budgeted and will be covered from contingency.  SR gave an explanation on how he anticipates reporting future information to governors.  Cost Centres – SR highlighted cost centres with a significantly high or low percentage of current spend with explanations for each. Drama Productions were showing -18.39% (a positive variance), which derives from ticket income from productions, and History showing -35% deriving from extra funds allocated by the PA and a parent donation, meaning both cost centres had more than they were originally budgeted.  SR explained that he intends emailing all budget holders reminding them to get orders / expected expenditure on the system and clawbacks might be made if areas for such can be identified.  LH highlighted that the cost of Pay Committee awards were included in figures but that any award that Governors might make to the Headteacher had not.  Governors acknowledged how very tight the budget position for the year remained, and noted the substantial work SR and the team had done to validate the figures and understand where further pressures and savings might be.  **Cashflow** – SR reported that he intends using the ECC tool for cashflow monitoring and this will be updated weekly. New forecasts will be done in Sept, Jan, and April to ensure the forecasts are as accurate as possible based on actual position at the time. The cashflow forecast currently showed a potential deficit of £16k in March and £44k in April but this was likely to be because early forecasts were not as accurate as they will be as knowledge is developed and because accurate and large initial orders that have been completed earlier than expected particularly on premises and occupancy. SR will re forecast earlier than planned, in Dec after the actuals are on for Nov, to get a clearer view of  the predicted issue. A management plan of paying some bills late will be used to get us through to May when the falling rolls money comes in, should it be necessary. All legal commitments will be met. SR feels predictions will be more accurate next year as he’ll have more actual data. Governors noted the tightness of the cashflow position in the spring term, that a reforecast was due imminently and that a strategy was in place to manage the impact should it be as tight as predicted. It was agreed that the position did not warrant a request to receive the cash from the Falling Rolls Fund a month earlier.  SR is also investigating the categories used on the report to try and get some standardisation across all budgeting and reporting.  **Virements** - these were authorised.  JMS had asked for an advancement of funds-as it was known this would be reimbursed.  Jack Petchey-these are funds that will come in.  **3 year budget forecast** – this will be updated regularly. SR has used the Essex model and used all known factors and made informed estimates of others. He has used census figures and expected incoming roll to calculate per pupil funding. Costs have been increased where reasonably expected including LGPS deficit raised 1.5% from Jan 17 and then again each year.  Essex Finance suggested decreasing the Educational Service grant by £10 per pupil which was done.  Pupil Premium was difficult to judge until the statements come in so has been left at its current level.  Staffing costs have been based on staff calculators (which have now be checked line by line) taking into account potential progressions.  Governors noted that current predictions suggested a need to find savings of approximately £120k to balance the budget for 2017-18. CJH explained her current thinking on how this might be achieved and confirmed that as things stood she hoped to be able to secure those savings without a further redundancy exercise. Governors asked to see formal proposals at the next meeting of this Committee. It was also noted that the budget position improved from 2018-19, but pressure would come again in 2019-20, when the impact of the small size of the current year 10 hitting 6th form would be felt (the one year time lag from when they reach year 12). 6th form recruitment for 2018-19 would be crucial. |
| **7.** | **Staffing issues**  CJH reported on the two staff leaving SHS. A history teacher – recruiting a good quality replacement at this time of year would not be possible so an agency appointment would be made - and a behaviour manager. The latter won’t be replaced. Governors noted that those undertaking the monitoring visit on 8th December would be reviewing the steps put in place to improve outcomes in history and geography, so it was useful to know about staffing changes.  The support staff performance review procedure had been recently updated and CJH recommended to governors that this be used moving forward, completing reviews by Jan/Feb, for reporting to the Pay Committee at its meeting that is fixed with a view to making any appropriate increments for April. Governors agreed to recommend this to FGB. |
| **8.** | **Policies**  The only policy with changes to be considered was Cover and PPA, where amendments were being made to “gained” time provisions. CJH confirmed that no responses had been received on consultation, including from the unions. Governors were happy to recommend this to FGB.  Review dates for Flexible Working, Leave of Absence and Sickness Management Procedure were approved as follows:  Flexible Working Policy – new review date – December 2018  Leave of Absence Policy – new review date – December 2017  Sickness Management Procedure – new review date – December 2017 |
| **9.** | **Lettings rate review**  SR reported that since trialling decreasing the lettings charge per hour in the sports hall from £60ph to £50, bookings had significantly improved. It was also reported that there were meetings to discuss potential holiday camp lettings. Governors welcomed this latter as it would be a good income source which other local schools were already benefiting from.  Resources Committee confirmed the implementation of the new charges in line with the trial.  SR reported that he is currently in the process of reviewing all letting costs across the school. |
| **10**. | **Premises Report**  SR explained that a roofing bid would be reserved to next year now as roofing had a low priority rating in the EFA’s recently released CIF guidance. Our CIF bids would therefore comprise recladding of the English block which was narrowly lost on appeal last year and a bid to remove asbestos across the site, which was receiving a high EFA priority this year. An asbestos survey had been completed recently which would be used in support of the bid.  There is a new Salix fund aimed at reducing energy usage and costs and a bid will be made to install LED lighting across the School which would sit well with the asbestos bid, the two pieces of work being able to be done at the same time.  SR reported that a heating survey around the school is currently in progress, in order to ascertain where hot and cold spots are and to adjust the heating accordingly.  Litmus – it was reported to Committee that as from end of December the school will no longer engage the monthly monitoring services but would buy in ad hoc services in order to renegotiate contracts when necessary.  AW raised the issue of metal piping with earth electrics – SR to investigate. |
| 11. | **Risk Register**  LH to re-word text and take to FGB. GH recommends taking no. 7 to amber 3 x 2. **LH to circulate this.** |
| **12.** | **Financial Regulations**  SR has previously circulated with tracked changes – SR suggested reviewing wording around tenders.  SR to distribute Financial Regulations once amendments have been done by SR and DM. Governors agreed to then take to FGB for approval. (Deadline by 2.12.16 was agreed for Governors to conclude any amendments). |
| **13.** | **NatWest Statement** |
|  | The latest statement from NatWest showed a balance of £700.91. |
| **14.** | **ToR for Staff Hearings & Appeals Panel and Resources ToR**  These were both recommended by Committee to FGB for ratification. |
| **15.** | **A.O.B.**  DM asked the relevant Committee members for their signatures for the bank mandate forms. |

**Date of next meeting – Thursday 2nd February 2017, 4.30pm in i52**