

QUEEN ELIZABETH GRAMMAR SCHOOL, PENRITH

Minutes of a meeting of the Governors' Finance and Pay Sub-Committee held on 1st October 2018 at 6pm.

Present: Mr P Buckland Miss R McMann (Clerk)
Mrs G Gravett Mrs J Nicol
Mr R Dawson (left during item 6) Dr T Castles
Mrs K Rae
Mr D Chappell (Head of Finance) Dr E Mawson

Quorum per Terms of Reference - 3 Governors

Governors present: 6

Visitors: none

1. Apologies for absence

Apologies were given for Mrs Warner (moving house)

2. Declaration of Interest in Agenda Items

There were no declarations of interest in the agenda items.

3. Minutes of the Finance and Pay Meeting held Monday 25th June 2018 Paper: F&P20718(1)

The minutes having been previously circulated were unanimously agreed and signed as a true record.

4. Matters Arising

To check that the action points raised in the April minutes had been complete.

5. Risk Register

Mrs Rae felt that this was a piece of work that needed to be looked at from a strategic point of view. As it has been a long time since this was thoroughly looked at, she suggested that it was brought to the attention of Full Governors. **Action: Miss McMann to circulate a copy of the current Risk Register to Governors so that they can have an appreciation of the document and bring some thoughts to the meeting on what to include based on the events on the last twelve months. Mrs Rae agreed to lead on this item.**

6. Review of Management Final Management Accounts to 31st August 2018 Paper: F&P201819(3)

Mr Chappell reported a break even situation, which was better than forecast. This was due to a greater income than forecasted (£11,000) and less expenditure which meant a variance of £141,000. Spending on supply, ICT, capitation and pupil premium was less than forecast. Capital expenditure: added £2.4 million to fixed assets - £1.2

million of this was the new build funded by CIF, £20,000 from a Government grant and £23,000 in contributions.

Mrs Gravett challenged the underspend in ICT given that Governors put an extra £20,000 into the budget – if it wasn't used in the department, why was not it not utilised for the new build which is not open? Additionally, this contradicts the letter sent home to parents asking for money. Mr Buckland answered that the £20,000 was intended to bolster the network, but this still needs to be looked at and that money has been spent on furnishing and providing computers for the new build. A delay in orders is why the building is not open. Moreover, he added that there is always a use for the parent contributions, for example, new laptops are required for Sixth Form. Dr Mawson commented that without the factors Mr Chappell listed above, the school would not be in a positive position.

Mrs Rae queried if new servers could be acquired by the Wolfson Fund as the time should be approaching when the school can reapply. Mr Chappell believes it is February 2019. Mr Dawson added a note of caution that they will only fund things which have a direct impact on teaching and learning and thus, a new server may not meet the criteria. In response to the ICT budget, he added that the department could quite easily have spent the whole lot but due to the issues with the infrastructure, it may not have been able to handle it.

Dr Castles summed up that he felt the £4,000 generated from letters to parents was a positive outcome. However, going forward he felt the school had to be more positive and think carefully how money is spent so that staff can directly see the benefit.

Whilst Mr Buckland agreed with Dr Castles, he felt that the current budget presented is not very useful for planning as the variation is so large: the largest variance has been £1.25 million in a matter of months. May 2018 to October 2018 shows a variance of £370,000. This meant that he had to tell staff that redundancy was a possibility as per his duty to report it to them (the process would have to begin in November as per legal requirements), but now this is no longer necessary and has seriously damaged morale, particularly in the Sixth Form. Referencing the budget 2018/19 paper that has been circulated, he pointed out the starting budget is -£148,000 which is incorrect.

Mrs Rae stated that she firmly agreed with the budget that was set. There are three big figures which are worrying: teaching staff, education and supplies and supply costs. She added that when setting a budget you have to take a punt, there must be amount attributed to each line in the budget and that calculations were based on knowledge. The saving in supply could partially attribute to a lack of long-term sickness absence. Mr Buckland countered that he planned strategically to use cover and is it appropriate to potentially make three members of staff redundant to have an £80,000 supply budget.

Mr Chappell provided some context stating he had not updated the budget since July and there were two main changes since then. The first were the budget influences with SLT trimming £56,000 off expenditure and this is a big change which quickly impacts (if this level of expenditure remains looking at £150,000 being gained in three years).

The second was the outturn which was predicted at minus £75,000 but actually came out as -£10,000.

When asked by Dr Castles how he would like this resolving, Mr Buckland replied that he would like a working budget to enable him to make strategic decisions.

A lengthy debate emerged with the following points raised:

- Why can the budget not now be re-cast now we know what we spent (EM)
- Understands Mr Buckland's point but the paper the committee are looking at was what it was going to be in the last quarter, and there could have been a significant supply cost for instance. Now it needs to be looked at and worked back through. From now the school should be in surplus but this is under the caveat that nothing changes (KR)
- In relation to the above point, it comes back to good governance (JN)
- Need to set as positive a budget as possible (TC)
- The budget needs to be realistic. The budget that was set was based on historical evidence and a decision made to invest in ICT and in fact Governors reduced the supply budget during last year. The budget has to be approved before the start of the year (has to be signed and submitted in July). However, the paper should have reflected the outturn (KR).
- Asked for the last five years' data to be pulled together but this has never happened, as the bigger issue is the way it is structured (PB)
- Completed a cost saving exercise going through what each department really needs (RD)
- If hadn't done the cost saving exercise would not now be in this position, thus, the budget that was set at the time was accurate (KR)
- Can the accounts not be reported in two ways – one for the government and one which work with month on month (RD)
- Cannot change the budget we have (TC)
- Stands by the notion that the budget in place is a working budget. Need to now look at the budget influences for 2018/19 – reflect the changes in place; can discuss and adjust the supply budget throughout the year (KR)
- Have lost Governors already for financial reasons and trying to recruit new Governors who are savvy with figures so must be mindful of this (TC)
- Have been responsible in making cuts as have gone along and then given a budget which states the school in £150,000 in deficit (PB).
- Month end files are kept open for three weeks to take into account any invoices that come in and thus, the accounts are done in the fourth week in the month. Realistically the September accounts will not be ready until the end of October / beginning of November due to the upcoming audit. This is reflected in most schools, who will at this time of year be looking at the August accounts (KR)
- Contradicts the new handbook which states must look at the accounts on a monthly basis (PB)

- Perhaps need to look again at the timing of the meetings, as due to the circulation of the papers so close to the meeting, Governors do not have sufficient time to analyse (EM)
- Whilst accept that the budget is in, the concern remains that it needs to be more realistic. The headteacher is in an awkward position where has had to warn of redundancies and then retract the statement making him look unprofessional (TC).
- Reinforced that he had done as was instructed by Governors and had a professional and moral obligation to tell staff as the process of redundancies has to start in November (PB).
- Potentially could have cut three jobs (EM)
- Budgeting was spot on by Finance Manager (KR)
- Supply budget was put in to show staff they are being supported (GG)
- Most lines on the budget are based on historical spend (DC)

To conclude, Mrs Rae said that the budget forecast does need updating with SLT and the Finance Manager going through it line by line to check it is accurate and can have a “working budget” which can be monitored month on month. If in twelve months’ time this comes into fruition it can be used. All were happy to do this. Mr Buckland was satisfied with a working budget and reviewing it on a monthly basis, making savings as and when necessary.

7. Bank Accounts and Cash Flow

The school is in a strong and solvent position. There were no questions or comments on this.

8. Budget 2018/19 Paper: F&P201718(6)

Given this was discussed at length under item 6 and there are some changes to be made, this will be looked at in the next meeting.

9. Operational Savings

As above, this is carried forward to the November meeting.

10. Year End Audit

The dates for the external auditor visiting are the first two days of half-term (22nd and 23rd of October) and two days the following week (29th and 30th October). Dr Castles asked for clarification that the points from last year have all been followed up. Mr Chappell confirmed this was the case bar a couple of exceptions which he had planned to speak to Mrs Rae about ahead of the audit.

With regards to the book recording Business Interests, Mrs Rae advised that each Governor has a page, Miss McMann will transfer the information that is on the website (as per legal requirements) and Governors will amend / update and sign in the first Full Governors meeting. This book can be brought to every Full Governors meeting to be updated as and when required.

11. Maintenance Report Paper: F&P201718(7)

It was reported that recurring maintenance was on track. Mr Chappell reported, as per the paper, that there had been a lot of work done over the Summer holidays but it was unfortunate that the site manager was off for two and a half weeks with a broken ankle.

12. CIF Expenditure

Mr Chappell drew the Governors' attention to the fact that the school is nearly there with all four projects: the boiler and windows have been signed off; the life safety project still has some snagging work and; the mobiles also has a long list of snagging and invoices to pay.

Mrs Rae challenged whether the project manager is managing the snagging. Mr Chappell answered that he is based in Liverpool to which Mrs Rae stated she has an expectation that he is present and sorting these issues as that is what the school has paid him to do. Mr Chappell said he is in contact with him on a twice-weekly basis.

As Mr Catterson, who has now resigned from the Governing Body, had a lot of input on these projects, Mrs Gravett asked if he had been sent a letter of thanks. Dr Castles confirmed that himself and Miss McMann had sent emails thanking him but would send a card also. **Action: Miss McMann to purchase a thank you card.**

13. Headteacher's Update

Mr Buckland felt that the points in his update had been covered during the meeting but wished to add that the new block was being opened on 12th December at 6pm by former headteacher, Mr Birnie. Governors are welcome to attend the event.

14. Any Other Business

There were several items to cover:

Pay Awards: As per the July Finance meeting, it was agreed that the decision regarding pay awards would be deferred until this meeting in the hope that there would be something concrete regarding the funded teaching staff's pay increase. Mr Chappell reported that the suggestion is that the school is paid based on the number of pupils at £26.54 per pupil, which would give a grant of £23,000. Thus a 1% payrise would cost around £28,000, which would mean a shortfall of £5,000. If awarded the non-teaching staff a 1% payrise, which would not be funded, this would cost £7,000. Thus, the Governors would have to approve an additional £12,000 that is not currently in the budget. Both Mr Buckland and Dr Mawson recommended both pay awards – the teaching staff will expect it and it would not be fair to exclude non-teaching staff and feel this pay increase is detrimental to morale. Mrs Gravett added that due to indecision on redundancies that it was right that staff get this increase. The members of the committee were in favour of the increase, subject to approval of the Full Governing Body and Dr Mawson added that she could get the exact figures for the meeting next week. **To conclude the exact cost would be calculated and brought to Full Governors with the strong recommendation that the pay awards are given and issued in the October payroll run. Miss McMann will add this to the agenda.**

New Governors for Finance: Mrs Rae asked Dr Castles for an update on Governor recruitment as this committee is now a light on numbers and financial expertise. Dr Castles reported that he is working on this: Miss McMann sent an email to all Governors asking for ideas, he is following a couple of leads up. Dr Mawson suggested writing to parents asking asking for a Governor with financial experience, as this will be a co-opted Governor.

Cleaning New Build: currently using Orian on a 12 month rolling contract and they were asked to quote for the cleaning of the new block. The quote provided of £8,200 was felt to be too expensive and so Mr Chappell has written to the manager of the company but has not yet had a response. Mr Buckland stated he was unaware of this and asked Mr Chappell to inform him of the response. **Action: Mr Chappell to chase up the response.**

Dr Castles asked about the performance of Orian. Mr Chappell thought they were doing well. Dr Mawson added that it was certainly an improvement but still some work to be done, though the staff are very friendly. In response to Mrs Rae's question about giving feedback on this, Mr Buckland confirmed that he does and will do so before signing a contract renewal (due in March).

Making Tax Digital: from 1st April 2019 it will be mandatory to complete tax returns online. The system currently in place does not allow for this. Mr Chappell reported he had been looking into a systems upgrade which would cost around £1500. Mr Buckland advised that since he was unaware of this issue prior to the meeting, Mr Colosi (network manager) be consulted in the first instance as he may have an alternative solution.

Vice Chair of Governors Position: due to the resignation of Mrs Nicol at the end of the half-term, the vacancy has arisen. There is only one volunteer thus far. If anyone else would like to consider this, please email Miss McMann. This is on the agenda for next week.

Number of meetings: Dr Castles reported that he has been looking at reducing the number of meetings, not necessarily for this committee as it is important to discuss finances regularly. However, due to Mrs Rae stating that the new Governance guidance suggests at least 6 meetings a year, he feels that all Full Governors' meetings will have to remain. This is an item for Full Governors' next week.

Mrs Rae volunteered to give Full Governors an overview of the new Governance Handbook at the meeting next week if time allows. This was welcomed by all at the committee. Action: Miss McMann to add this to the agenda.

Date of the next meeting: Monday 12th November 2018, 6pm

The meeting closed at 8.00pm