

QUEEN ELIZABETH GRAMMAR SCHOOL, PENRITH

Minutes of a meeting of the Governors' Finance and Pay Sub-Committee held on 14th November 2019 at 5.30pm.

Present: Mr P Buckland Miss R McMann (Clerk)
Mr P Airey
Mr A Martin Mrs T Boving-Foster
Mr J Ray Mrs K Rae
Mr M Worrall

Quorum per Terms of Reference - 5 Governors

Governors present: 7

Visitors: Mr Ian Thompson of Saint and Co present for the first item to report and advise on the findings in the annual audit. This item was brought to the top of the agenda.

Year End Audit

Three documents were circulated to the committee (appendices 1, 2 and 3) detailing the findings of the audit. The discussions were as follows:

Statement of Financial Activities (Appendix 1)

The biggest point within this document was the necessity to confirm the variations on the CIF bid. Had the school not had to pay back a sum of around £80,000 to the EFSA, the school would have been looking at a cash break even scenario. Mr Thompson summarised that as per the Governor meeting minutes, the school had taken comfort from the advice of E3Cube regarding the expenditure of the funding. However, the school now has lost confidence in the advice and has been open with the EFSA in putting this right.

Mr Ray asked what the worst case scenario might look like. Mr Buckland answered that this could potentially be in excess of £150,000 (payback for the toilets, gates, locks etc). However, many of this additional expenditure relates directly to safeguarding projects which was a significant issue with OFSTED at the time.

Mrs Rae had two questions:

1. Can the CIF clawback be offset against income and go into expenses? Mr Thompson answered that this cannot be classed as an expense.
2. Whatever is paid back, pay via unrestricted funds and not out of the GAG pot (i.e. money that is for the children) in the spirit of honesty? **Mr Thompson said that there may be a possibility to transfer from unrestricted funds to fixed assets but this is something he would need to go away and consider before coming back with a firm answer.**

To conclude Mrs Rae felt that it was right to show that the school appreciated it had been ill-advised but that the pay back does not come out of the Education budget. Mr Worrall echoed this and felt it important to stress that the money was spent on safeguarding.

Another of the issues identified in this document was the identifying of the members on GIAS and the school website. Ms McMann reported that the website now identified the

members but on GIAS there is only the option to be either a trustee or a member. Thus, GIAS reflects the Chair, Vice Chair, Mr Buckland and the Chairs of the sub-committees as members and all other Governors as trustees (this reflects the changes made in 2012 to the members). Additionally, Mrs Boving-Foster made Mr Thompson aware that there is a discrepancy between the Articles of Association and GIAS (the articles refer to ‘Governors’ and GIAS ‘trustees’). A change to the Articles is necessary but this will not be completed before the submission of the year end accounts. Thus, the school website still uses ‘governor’ terminology.

Due to the issues with the EFSA the accounts cannot yet be finalised until these are resolved. The accounts are scheduled to be finalised and signed off in the Full Governors’ meeting on 5th December which is fast approaching and all Governors need time to receive and read the document. Mrs Rae said that she would advise at this meeting that the accounts were subject to an adjustment on the CIF monies.

Mr Thompson reinforced that he would not be able to finalise the accounts until there is clarity over the CIF monies. He went on to state that there is a debate as to whether it would be better to miss the deadline of submitting the accounts versus getting the best outcome on the CIF monies. Mr Martin queried what the implications were for missing the deadline? Mr Thompson replied that it is essentially a black mark from the EFSA with Mr Buckland adding that is the school’s reputation. Mr Thompson said that he could ask for an extension and discuss the situation, given the irony that the EFSA are holding the process up. Mrs Rae said that she felt it important to go in with a clean report. The accounts could be submitted subject to having the CIF decision qualified. However, the overriding advice was that this could do more reputational damage than being late submitting the accounts. Mr Worrall echoed this advice by saying accounts which were not qualified would equal a visit from the EFSA.

In conclusion to this part of the audit Mrs Rae asked if Mr Thompson was satisfied with the regularity? Mr Thompson was happy with this having taken the view that the school relied on E3Cube and that the money had been spent on sensible things. Moreover, he felt there was no issue with the reputation of the school and he was happy to formally say this.

Management Letter (Appendix 2)

Mr Thompson began by highlighting that there are very little issues within the management letter, and this is a compliment to the team.

With regards to the Maths Hub Project it was reported that these funds are due to be spent this year. All agreed that this should be put through as funds / income.

The CIF item had largely been discussed. However, Mr Thompson said that he would draft some worst case scenario wording and send to Mrs Rae just in case but it might not need to appear.

It was highlighted that the wording was wrong on the bursary funding point – it is not SEN. The money was spent on trips which actually ended up as an overspend and subsidised.

The point regarding members was discussed above.

Mr Buckland concluded this item by noting his thanks and praise to all involved and in particular the work of the Finance team in ensuring that the management letter threw up very few points during a difficult year.

Schedule of Adjusting, Reclassification and Potential Journals

There was very little to comment on, just an adjustment for the Maths hub. Once more Mr Thompson stated that this is testament to work of the Finance team. Mr Buckland echoed this repeating his thanks to Mrs Armstong and the department.

Mrs Rae gave her thanks to the team and also to Mr Thompson and the auditor stating that she was comfortable with the findings and a clean sheet. Mr Thompson left and the meeting resumed as per the agenda.

1. Apologies for absence

Apologies were accepted for Mr Shephard, Mr Dawson and Dr Mawson (could not make the re-arranged meeting date) and Mr Miller (family).

2. Declaration of Interest in Agenda Items

Mr Buckland and Mr Allen declared an interest on the item relating to pay awards and thus would not vote. As information is generic and anonymised there was no need for them to leave the meeting at any point.

3. Minutes of the Finance and Pay Meeting held Monday 24th June 2019

Subject to a typing error on page 3 ('di' to be replaced with 'did') and Mr Worrall adding that his point regarding the school not being where it was in 2015 related to funding, the minutes having been previously circulated were unanimously agreed and signed as a true record.

4. Matters Arising

It was reported that the £20,000 potentially ring fenced as per the last minutes for Mr Buckland to seek relevant planning permission etc is not required at the moment. Mr Buckland said that he felt things were just too tight at the moment to consider this. Mr Ray having completed his stress audit felt that this was the right decision and in the January strategy meeting there needed to be some tough conversations regarding the Master Plan and building priorities.

Mr Airey asked for an update as to whether the potential candidate had been taken on in the Finance department. Mr Buckland confirmed that Anne has commenced employment for the school for two days per week and has a lot of valuable experience.

5. Audit

This has been covered at the start of the meeting.

6. Appraisals and Pay Awards

Mrs Boving-Foster and Mr Worrall attended a meeting presented by Mr Dawson on Monday 11th November to look at a sample of appraisals. A sample of six anonymised appraisals were presented: three which progressed through the pay-scale and three which did not progress. Those that did not progress are getting support and will get another chance in twelve months' time. It was noted that the Heads of the Department made the initial judgement on those they felt should not progress at this time.

Mr Worrall reported that he found that the system was robust, noting that he felt there has been a culture change with middle management accepting the need to appraise performance. Mrs Boving-Foster reinforced this adding that she felt reassured it was not automatic for a member of staff to progress through the pay-scale. In response to Mr Airey's question it was confirmed that the Teacher's Standards form the basis of the criteria and the criteria is more demanding on the Upper Pay Scale. Mrs Rae queried the value of the pay increases. Mr Buckland stated that this was a £2,500 per annum increase for moving on the UPS and on the main scale this was £1800. This had been included in the budget already.

It was unanimously agreed by the five non-staff Governors to award the increases as per the recommendation. This will be awarded and back dated to September 2019.

Thanks and praise were also given to Mr Dawson.

5. Management Accounts for Month One

Mr Buckland presented these noting the change to the format. Two favourable variances were reported:

- Academies grant at £4,000 for the year
- Catering presenting a large increase with £8,000 in income. This is owing to the new card system with more trade but it could be slightly front-loaded.

With regards to the catering figures there was a short discussion surrounding the income. As the system is doing so well, Mrs Boving-Foster said that she would like to keep an eye to ensure the students were getting value for money. Mr Martin added that it was important to maintain food standards, quality and portion sizes as the school has a larger captive audience and it would be a shame to see students switch to packed lunches. In response to these points, Mr Buckland informed the committee that catering is not intended to be profited and also that a new company has been employed to work on quality and healthy eating. There is also a good system with the School Council raising issues and talking to Gordon about these.

Additionally, Mr Buckland reported to the committee that he intended on trialling a system of free fruit (currently students get free vegetables) and for the sake of getting the students to eat more fruit was prepared to take a small financial hit. This was welcomed by the committee with suggestions made as to how trial this be it for a solid week or just on different days to see what the take up was like. Mr Buckland said he would think on this and implement a trial. **Mrs Boving-Foster asked that catering be re-visited in the next two to three months.**

In response to a question about mini bus expenditure, the committee were informed that as the school were short of mini buses they had to hire them, which is an unexpected cost. This has been raised with Friends of QEGS as a future project.

With regards to adverse expenditure, there has been unexpected boiler work in the Sixth Form (the only boiler not replaced under the CIF bid). There has also been front loaded expenditure on the entrance test and in education supplies on books needed for the start of the year.

Mrs Boving-Foster commented that she welcomed the format showing the forecast variance but queried why some variances had comments against them and others did not. Therefore, she proposed setting a threshold whereby all variances of a certain amount have a line explaining it for Governors' benefit to avoid them having to ask questions. There was some debate over this but it was deemed satisfactory at the moment to see how things go with Mr Buckland reassuring Governors that the team go through everything line by line and of course questions are welcomed.

Overall Mr Buckland concluded that the school had not made a bad start with a positive of £11,447.

6. Bank Accounts and Cash Flow

Mrs Rae confirmed that she has now become a signatory. The amounts held in each bank account were reviewed in line with any potential external risks and it was unanimously deemed that the committee were happy with how the money is distributed.

8. Academies Financial Handbook

The previously circulated School Resource Management Self-Assessment School checklist has been submitted.

Following a discussion in the training session after the last Finance meeting, there was a discussion as to the number of internal audits done per year and the content. Mrs Boving-Foster extended her praise to Mrs Armstrong for having the initiative to arrange the internal audit that took place in the Summer. Mrs Rae again advised that it would be her preference to have two audits (one basic in March and if capacity a more Governor led focussed one in June / July). Mr Buckland said it would be important to judge the workload and pressures of the team but it was noted that it does not necessarily need to be Dodd & Co or another external company that undertakes it. It was welcomed that the Business Manager of Kirkby Stephen Grammar school could be asked. Mr Ray suggested that different areas could be looked at year on year.

With regards to the last internal audit, it was agreed that Mrs Rae would contact Dodd & Co and speak to them about it.

As it was agreed in the Full Governors' meeting on 11th July 2019 that there will be one less Finance meeting in 2019/20, the accounts will be circulated to the committee via email in April 2020

10. Headteacher's Update

The main focus of Mr Buckland's report was the previously circulated School Resource Management Self-Assessment Dashboard which highlighted two red flags:

- Expenditure on teaching is in the highest 10%
- Expenditure on resources is in the lowest 10%

Mrs Boving-Foster queried why the average class size came out at 21.6 pupils. This was owing to the fact that Sixth Form is included and some of these classes may have only 3 or 4 pupils in them. She also challenged the teacher contact ratio being at 0.75 when it should be at 0.85 as per her understanding. This was attributed to the fact that it is an average of all staff. For example, SLT and Heads of Year for example have more free periods. As the latter in particular was felt by the committee to be important to understand from a staff welfare point of view, it was requested that leadership be taken out of these figures. Mr Buckland confirmed that he would get Anne to do this and also commented on what a great asset Anne is to the Finance team.

Due to a full agenda the Risk Register review was postponed. As it will be key to the strategy Full Governor meeting at the end of January, Mrs Boving-Foster asked that it be put on the agenda for the Full Governors' meeting on 5th December. As Mrs Rae commented that this meeting will also have a full agenda due to the need to review and sign the statutory accounts, it was decided to ask all Governors to read the Risk Register and come to the meeting prepared with suggestions so that it only takes up 20 minutes. **Action: Miss McMann to ensure this message is conveyed with the agenda for 5th December.**

It was also agreed that the results of the discussions with the EFSA will be circulated to the committee.

11. Items to be added to the next agenda:

- I.T. Budget – allocation of funds

Date of the next meeting: Monday 24th February 2020, 5.30pm

The meeting closed at 7.15pm.