

QUEEN ELIZABETH GRAMMAR SCHOOL, PENRITH

Minutes of a meeting of the Governors' Finance and Pay Sub-Committee held on 7th October 2019 at 5.30pm.

Present: Mr P Buckland Miss R McMann (Clerk)
Mr Airey
Mr R Dawson Mrs T Boving-Foster
Mr R Shephard
Mr G Miller Mrs K Rae
Mr M Worrall Dr E Mawson

Quorum per Terms of Reference - 5 Governors

Governors present: 7

Visitors: Mrs Jean Jenkins (newly appointed to Governing Body, joining meeting for experience and also as there is a training session straight after the meeting).

1. Apologies for absence

Apologies were accepted for Mr Martin (attending a course) and Mr Ray (family)

2. Declaration of Interest in Agenda Items

There were no declarations of interest.

Mr Buckland abstained on the vote to award the teaching staff a 2.75% pay increase.

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

With the exception of a typing error, (change to 'implementation'). The minutes having been previously circulated were unanimously agreed and signed as a true record.

4. Matters Arising

Mrs Rae reported that there had been an internal review conducted by Dodd & Co and that she would talk about the results of this later in the meeting.

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. Final Management Accounts to August 31st 2019

Mr Buckland presented these and was hopeful that at the next meeting, Anne would be able to attend. He drew the Governors' attention to the summary sheet and noted the following favourable variances:

- Unexpected £40,000 for the teacher's pay award
- Rates relief

- Lettings and catering and due to the cashless catering system this is believed to be a trend that will continue.

With regards to expenditure there were some adverse areas:

- Supply costs
- Extra support within the finance department
- NJC pay awards.

However some savings were made:

- In maintenance, owing to the new build and the fire alarms
- Cut the cost of the cleaning contracts and this will go out to tender for next year. This is something Anne will lead on. Mrs Rae added a note that once this has begun, it should come to the committee for approval due to size of the contract (under Scheme of Delegation approval limits).
- Small but significant savings which all add up.

Mr Buckland summarised that this meant an overall loss of £30,000 for the year end against the predicted minus £148,000. Mrs Rae challenged what period the teacher's pay grant covered and as a consequence, were the figures an accurate reflection of where the school is at? Dr Mawson checked on this and confirmed that there will be a second payment in Autumn and thus, the figures are an accurate picture.

Mr Airey queried if the loss had been reported to the EFSA. Mr Buckland answered that this had been in the three year forecast submitted to them.

To conclude this item, Mrs Rae stated that she felt happy with the final figures and that the school appears to be heading in the right direction financially.

6. Bank Accounts and Cash Flow

Mr Buckland reported that the numbers in this report all reconcile and the only comment was that there is £180,000 in the Virgin account which was commented on the internal review and this is disappointing given the decision made in Full Governors which was minuted and presented to the internal auditor.

7. Budget 2019/20

A deficit of minus £148,000 was predicted and this was what was submitted. A number of things came up during the year:

- An extra £28,000 had to be used to fund an extra 1% for the teacher's pay award (2.75% was awarded of which the Government had funded the 0.75%)
- £19,000 for the new pastoral role
- £13,000 in teaching costs
- £16,000 water bill (double what was expected as the water board had been working off estimates for the last two years)
- £20,000 ongoing contingency (**it was decided to keep this figure at £20,000 and not reduce it**).

- Six students down in Sixth Form numbers (unfortunately these students did not quite get the grades required)

This has resulted in the budget for 2019/20 running at minus £178,000 and currently predicted to result in a year end loss of £4,000, which Mr Buckland informed the committee he was sure it would be better than forecast. However, in year influences in 2020/21 will see more pupils and the amount per pupil go up from £4,800 to £5,000 (this is guaranteed). To conclude the school is now at the point of turning back up due to extra funding and more pupils and as a result the budget for 2020/21 will start at a positive of £48,000 and by 2021/22 this will be a positive of £183,000

Mr Worrall ended this item noting that whilst he was pleased with financial progress made, the funding situation for the school was not where it was in 2015.

8. Year End Audit

As per the matters arising, an internal review has been completed. As a result of this there were:

- High points: 1
- Medium points: 2
- Low points: 4

The high point relates to the financial reports produced and that the annual forecast column has not been used. However, there is context to this point given the strain in the finance department over the last year.

It was felt that a couple of points could be challenged. For example, the procedures manual has just been revised and also the formal credit control policy was approved at Full Governors, both are which are in the minutes of meetings.

The overall judgement was a satisfactory one but Mrs Rae's main focus for this item was whether or not Governors felt comfortable with having just one internal review per year. Dodd and Co spent just two days in the school which Mrs Rae felt did not provide them with enough scope to comment on the entire year and normally Governors could ask them to look at specific topics in line with risk assessments and this did not happen this time. Moreover, the timing of this (conducted in July) means there is hardly any time to rectify issues which means the external audit will just throw them up again.

A discussion arose from this with the following noted:

- *Is there a set criteria for the internal review (PA)?* No, it is just a general look at things (PB)
- *Do they use a specific template (TBF)?* No, it is what Governors assess as part of the Risk Register profile (KR).
- Though this comes at a cost do not feel comfortable with one per year (KR)
- It does not have to be an auditor who does this. It can be a professional/parent as long as they are independent of the school (KR).
- March would be a better time to do this (PB)

- One done at the right time whereby there is time to make changes / put things right. Would rather spend the money directly on the children's education (MW)
- Must think of the workload on staff - it is very intensive and staff in the finance department are at breaking point (PB)
- Appreciate the above point but it is public money and the Governors have to demonstrate that everything is clean.

It was agreed that the next internal review should be done in March. The outcome of this would depend on the number done per annum. Thanks were noted to the department for reaching a satisfactory outcome.

On the whole Governors commented that they were pleased with the satisfactory outcome owing to the hard work of the finance department. Mrs Rae also felt that it was a shame that the auditors appear not have taken into account the Governor minutes and felt there were some challenges to be made.

Action point: Miss McMann to send out a copy of the internal review comments.

8. CIF

The banking and the grass are still ongoing issues, otherwise there is nothing to report.

9. Maintenance

There was no report available for this meeting.

10. Headteacher's Update

Mr Buckland first wished his thanks to the Finance department be noted, as well as the SLT, for working so hard under extreme pressure. As part of his report Mr Buckland had three requests for he sought approval for:

- An update to the new version of the Sage 200 system which will cost an extra £800 per year. However, this will be a much more efficient system for the Finance department. **The committee unanimously agreed to this.**
- Pre-payments to have a cap at £500 per item as it is an arduous process. Mrs Rae queried whether the auditors might pick up on this but Mr Buckland confirmed that Saint and Co were ok with the cap at £500. **The committee unanimously agreed to this.**
- Teacher's pay award from September of a 2.75% increase (the government are paying 0.75% of this and the remaining 2% has been reflected in the three year budget). **With the exception of Mr Buckland who abstained, the committee unanimously agreed to this. This will go through the November payroll run and be backdated to September of this year.**

Additionally, Mr Buckland asked if the Governors would authorise him to potentially use £20,000 to fund either the Selective Schools Expansion bid or if this was not available a new CIF bid. Mr Buckland said that whilst he wholly appreciated that finances remained tight, the Selective Schools Expansion fund might not be available next year and thus, wanted the flexibility to be able to utilise the funds, if the time is

right, to put together a bid with planning permission and all the necessary surveys complete in order to maximise the chance of obtaining £6.5 million pounds for a new Sixth Form block with its own dining area. Without these the chances of winning a bid would be slim. This would also mean that if the surveys and planning permission was complete that he would be ready to apply for any funding as per the second phase of the master plan when it came up.

Mrs Boving-Foster added that she supported this proposal as the school needs to maintain the increased intake in order to keep the school running which ultimately means that facilities are squeezed. Normally, she would recommend delaying this by a year when the finances look to be more secure but the funding may not be there and thus, in her opinion the benefits outweigh the risks.

Questions and comments on this were as follows:

- *Can the school cope with the increase in pupils and is the hope that a new Sixth Form will attract more students (PA)?* It is the hope that more students want to come. There is enough space and can cope but Mr Ray is looking at the pressures this will put on the buildings and a new Sixth Form would be a lot better (PB).
- The EFSA respond well to the overcrowding issue and this fits with this school as the numbers are increasing (MW)
- This can be found in the budget as carrying forward £30,000 in capital funds and will gain another £60,000 next year (PB)
- *Have you spoken to three companies about this as per guidelines (KR)?* Yes and the prices are all very similar (PB). It was also confirmed that E3Cube would not be utilised.
- Can use capital funds for this but note of caution that if nothing comes of it will go into the revenue and income. Potentially to consider how close to our reserves position of £4,000 in August 2020 if this is spent (KR).
- Confident that figures will be much better than that (PB).

A vote was taken and it was unanimously agreed to allow Mr Buckland the flexibility to use up to the amount £20,000 if required.

As per Mrs Boving-Foster's request, Mr Buckland gave a presentation on benchmarking against similar schools and also schools in the area (appendix 1). This was created using a website that anyone can access: <https://schools-financial-benchmarking.service.gov.uk/> This was presented under the caveat that the figures were two years out of date. The only thing this research has really thrown up is the school seems to pay a lot more for its rates than others and this will be looked at again.

11. Items to be added to the next agenda:

- I.T. Budget – allocation of funds
- Risk Register
- Academies Financial Handbook (as a result of the training session which followed the meeting).

Date of the next meeting: Monday 11th November 2019, 5.30pm

The meeting closed at 7.30pm and a training session on the Academies Financial Handbook followed.