

## QUEEN ELIZABETH GRAMMAR SCHOOL, PENRITH

### Minutes of a meeting of the Governors' Finance and Pay Sub-Committee held on 30<sup>th</sup> November 2020 at 5.30pm held via Zoom.

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

Quorum per Terms of Reference - 4 Governors

Governors present: 7

Visitors: Ian Thompson, auditor from Saint & Co. to the end of item 3.

1. Apologies for absence

Apologies were accepted for Mr Worrall (family) and Mr Dawson (parents evening).

2. Declaration of Interest in Agenda Items

There were no declarations of interest.

3. Year End Audit

Mr Thompson of Saint and Co was welcomed to the meeting. He gave a brief summary focussing on page 30, reporting that the net income / expenditure details a loss of £338,000 for the school. Whilst on the surface this may not look great there are two large factors (£146,000 depreciation in assets and also £194,000 worth of pension adjustments). Therefore when this is taken into account this shows a picture which is very close to break even. Mr Thompson praised the work of Mrs Scott and said that the accounts which she presents to the Governors are more meaningful.

Mrs Rae requested the following revisions:

- Disagreed with the transfer of restricted to unrestricted funds and have expense offset in restricted column. **Mr Thompson agreed with this**
- In the Governors' report, upper case should be used when referring to the Governors, Board of Trustees.
- Also in the Governors' report a query into the number of Finance meetings held in the last academic year. **This will be checked**
- Did not feel that the spouses of two SLT members, who are employed by the school needed to be named in the related parties document. Mrs Rae has previously confirmed this with the ESFA that employment is not a related party transaction. This also gives the wrong impression to the user of the accounts as they went through the normal recruitment process and got the job

on their own merit. **Mr Thompson felt that naming just highlights the connection for transparency reasons, no salary information is detailed but would look into this further.**

A discussion was had regarding the ongoing uncertainty with the CIF funding and the implications of this on the accounts, including their submission. An update is expected by 3<sup>rd</sup> December but in reality this might not happen. If there is no clarity, the school will find itself in a similar position to last year, whereby the accounts are either submitted with a qualification or they are not submitted until the ESFA respond. Questions and comments on this were as follows:

- *What is the latest date the school can provide Saints with any information from the ESFA in order for the accounts to be submitted on time (PB)?* Need about a weeks notice (IT).
- *Have there been provisions made to potentially pay money back (PA)?* Not yet (JS). This cannot be done as it is an unknown accrual. Potentially could accrue for the worst case scenario but if this is wrong then Mr Thompson has a material error (KAR).
- *If something is received from the ESFA, for example, an email is this sufficient to amend and submit the accounts on time (KR)?* An email would be ok or any written evidence from a third party. A note of caution that if there was an expectation to pay all the money back in one sum this could potentially impact the ability to report the school as a 'going concern'. However, it seems more likely that there will be an option to pay the money over a period of time (IT).
- *If there is money to pay back have to think that even if the school could afford to pay it in one go, it might be more sensible to spread this if possible given the current climate and uncertainty of Covid. It is realistic that the school should be prepared to pay back an amount (TBF)*
- *Once the ESFA give their answer, is there a chance to appeal (PA)?* Highly unlikely, it will be more a question of negotiating timescales for any repayment (KR). Mr Thompson was also unaware of any appeals process.

### Management Report

Mr Thompson reported that there was not very much on this report and was very happy with how things are done in school. With regards to the points on the letter:

- Prepayments – Mrs Scott is confident that Sage 200 can produce this report and that it is a training issue. Therefore, Mr Thompson is happy to amend this to reflect the auditors could not find this on the basis that Mrs Scott can find this. It was confirmed that there is currently a manual which Mr Thompson had seen and was happy with)
- Tender procedures – Mr Thompson said that this was picky (instance where the school had put out three tenders but only two returned) but felt that potentially the school could put out to a supplier they knew would not respond

in order to use the company they preferred. Mrs Rae disagreed with this as she feels it questions the honesty of the process and that you would not go back to the start to get another one. This has then been appraised and thus adheres to the handbook. **It was agreed to remove the second paragraph.** Mrs Scott reported that she had an issue with the medium rating given the context of it being an urgent job in the middle of Covid and no leader. Moreover, this is the only instance where three tenders have not been given. **Mr Thompson agreed to move this to a low risk.**

- Retired Governors – Miss McMann queried if it was sufficient enough to have the names of retired Governors on the business interest form (displayed on website) or if this also needed to be on the front page of the Governor page. The rationale being that previously a retired Governor did not want his name on the school page. Mr Thompson said he would prefer it to be also on the front page. **Miss McMann will update this.**

To conclude, Mrs Rae said that this made for good reading with the budget also looking much better and praised Mrs Scott for her hard work. Mr Thompson and his team were thanked by the Governors. Mr Thompson left the meeting, thanking Mrs Scott and her team.

Mrs Boving-Foster asked for an update on the progress of the three-year budget, stating that in order to sign the accounts as a going concern would need visibility of this. Mrs Scott answered that she was hoping to have this ready in time for the Full Governors' but there is a lot of changes to make, for example, to payroll due to the announcement of no pay rises. Mrs Rae said that if look at the balance sheet, the overall position is positive and Mr Buckland added that there is an additional £340,000 to come in over two years from increased student numbers so he is optimistic that the school is a going concern. Mr Ray said that there is a one year budget up until August 2021 and from that point of view the school is a going concern. Mrs Rae said that Mr Thompson would look to December 2021 in making a judgement and she felt the Governors should give Mrs Scott some breathing space and move the completion of the three year budget into January. Mrs Boving-Foster agreed with the comments but wanted to be sure that Governors can prove that they are doing their duty.

**It was agreed that the budget will be circulated in January and that Mrs Rae would happily have 1:1 discussions with any Governors on this. The budget will then be agreed and minuted in the Full Governors' meeting on 28<sup>th</sup> January 2021. Mrs Rae reminded the committee that all Governors are responsible for the accounts.**

**The item concluded with the Governors and Mr Buckland giving thanks and appreciation the work done by Mrs Scott. Mr Buckland added that this is the cleanest audit during his time at QEGS. Mrs Scott noted that it was a whole team effort by the Finance Department.**

The minutes were approved by all present and Mrs Boving-Foster will sign these the next time she visits school.

5. Matters Arising

Mrs Rae informed the committee that she had received a request to increase the limit on two credit cards the school holds in Mr Buckland's and Dr Mawson's name to the maximum £5,000 which she deemed as sensible and reasonable. This is seen to be very practical as currently booking one school trip for example can max out the card for that month. Questions and comments were as follows:

- *Why does the school need credit cards (PA)?* There are no debit cards to make purchases (JS). It is sensible as a transactions on a debit card are easily merged into a bank statement, whereas a credit card is separate and thus easier to monitor (JR).
- *What controls are in place on the credit cards (GM)?* Mrs Scott can authorise a request made up to £500. Thereafter, authorisation is needed from Mr Buckland. These are also locked in the safe and are monitored every day by the Finance Department (JS).

**It was unanimously agreed to put the limit up to £5,000 on both credit cards.**

6. Management Accounts to 30<sup>th</sup> September 2020

Mrs Scott gave an overview of the management accounts reporting that it is the first month in the academic year, the accounts are quite bland. She reported a number of small variances including a positive variance in salaries due to two or three less staff members but these positions have now been filled. There is also an amount of £7,500 that is missing from the budget but this is in the school's favour. Mrs Scott is committing to re-forecast in January or February to look at what is currently going through, for example porta-loos have been renegotiated at a better price.

Mr Ray asked if any progress had been made with looking to buy porta-loos. Mrs Scott answered that she had sought quotes but no-one is willing to sell.

7. Bank Accounts and Cash Flow

There was nothing out of the ordinary to report from the previously circulated information.

**The Governors confirmed that they were happy with the amounts held in each account.**

8. Internal Audit

Mrs Rae extended her thanks to Mr Ray for taking the time to conduct an internal audit. As the report had been previously circulated, Mr Ray proposed that he did not

go through it but instead have a discussion around the way in which contracts are tendered and approved as he felt this was the biggest issue. Overall, he felt that most of the other points in his findings could be mitigated against, for example, bank mandate needed updating but Mrs Scott was in the process of doing this.

Mr Ray feels that the Financial Procedures Manual needs to go through a tidying up exercise and he wanted to make it clear that he did not think that SLT were doing wrong, it is the Governors need to evolve and change their process. For example, if something is approved by email it is not then minuted in a future meeting. Mrs Rae suggested a system of project files per tender with a worksheet on the front including how it has been discussed as per the Scheme of Delegation. Mr Ray was happy to have this debate at some stage without making Mrs Scott's job more difficult and also look to any grey areas, for example school trips that are over £10,000 – technically that would need Governor approval but perhaps in the handbook there should be some exemptions. Mrs Rae agreed with this and the importance of having these conversations. Mr Miller added a note of caution that Governors do not undermine Mr Buckland's authority. **It was agreed that Mr Ray will take this up further with Mrs Scott and Mrs Boving-Foster when they meeting next week. Mrs Boving-Foster added that she is happy with email authorisation as long as the extra step of minuting it in a future meeting.**

**As the internal audit needs to be submitted as part of the internal audit review, the Governors voted and unanimously agreed that they were happy for the content of the report to be submitted. At the suggestion of Mr Ray, it was noted that an internal audit would be conducted twice yearly and was open to suggestions on areas to focus on. Mr Ray praised the Finance Department for doing a sterling job.**

## 9. Cycle to Work

Mrs Scott presented this item saying that she had been approached by a number of staff who would like to adopt this scheme. Before Mrs Scott undertakes the work on this she asked for the Governors' thoughts on the process.

There was a lengthy discussion on this process. The questions and comments are summarised as follows:

- *How many have expressed an interest (KR)?* 17 (JS)
- *Presumably cannot limit the number of people who apply as this will become an HR issue (JR)*
- *How secure will the bikes be during the school day (JR)?* Locked bike racks on site but the bike itself belongs to the school until the end of the scheme (JS)
- *Would suggest limiting the value of the bike purchased to £1,000 which will buy a decent bike (GM).*
- *Who is liable for any repair costs (KR)?* Individual is responsible for the bike for the time they use it (TBF)

- *It sounds like a positive initiative and a practical solution to the lack of parking but have no experience in this area (TBF)*
- *In a previous company this was done using an external company which would lighten any work associated with this (GM) A lot of companies could hand over the process it would just be the money (JS)*
- *Would prefer to see the ins and outs of this in greater detail, for example, tax implications for all, how payments go through payroll, time taken by team to implement and monitor it. If there is massive take up, it could be a big outlay of cash and if repayments over 12 months, are all staff willing / able to make payments. Also is now the right time given it is winter – better left until Spring (KR). It is the responsibility of the staff to determine if they can afford it. The Aragon document (previously circulated) sets this out and school would have to determine its parameters (JS). Would be nice to give staff the option as a positive staff welfare initiative (PB).*
- *Would like all staff to be on same repayment terms and boundaries (KR)*
- *Could there potentially be issues if employees breach the obligations given it is a school and uses public funds (PA)*
- *Perhaps could open it up once a term to avoid a huge initial outlay. A good scheme but need further advice (KR)*

**At the suggestion of Mrs Boving-Foster, it was agreed to speak to Governor, Mr Bauer, as he is an employment law expert and if it seems doable send around a proposal and then minute it formally in the next meeting.**

#### 10. Headteacher's Report & Pastoral Support Option

A paper was issued regarding the catch-up premium. There has been a lot of work that has gone into selecting tutor systems to use and how to spend the money. There is a surplus which is being kept to be flexible to use throughout the rest of year. Mrs Rae said that the paper was really good and informative.

Mr Buckland added that there have been some updates to the live Risk Assessment including:

- Hand driers can be used
- Year 11s can be let out of school from Thursday (this is still to change on the document).

With regards to the pastoral role that is proposed for Mr Henderson, Mr Buckland wanted to run it past Governors as it was not in the budget. Mrs Rae asked if Mr Henderson would incur any training cost? No he will not and Mr Buckland said that he is already doing a good job. Mrs Boving-Foster supports this proposal and feels it is good value for money. Mr Ray concurred with this especially as Mrs Scott reported there is £7,500 missing in the budget in the school's favour. Mr Miller sought reassurance that Mr Henderson's new role will not impact on the site safety of the school and all of the work that Mrs Scott has done since her arrival. Mr Buckland answered that the cost is to get someone in to replace Mr Henderson but he will still undertake site duties during the holidays.

**The committee unanimously agreed to accept Mr Buckland's proposal to redeploy Mr Henderson and have funds available to replace him. Additionally all Governors approved the planned expenditure of the Catch-Up fund as outline in Dr Mawson's paper.**

The meeting closed at 7.20pm.