

MEETING	FINANCE AND GENERAL PURPOSES
DATE	Monday 14 March 2015
VENUE	Ninestiles School
ATTENDEES	Abid Butt, Adrian Davies, Bob Fear, Steve Harris, Chris Q, Chris Welton, David Werry
IN ATTENDANCE	Hilary Barber, Paul Charlton, Adrian Davies, Penny Gavalas, Steve Ralph

MINUTES

1. Welcome

David welcomed all present to the meeting.

2. Election of Vice Chair

Steve Harris was nominated as follows:

Proposed: **Chris Quinn**

Seconded: **Bob Fear**

The nomination was carried unanimously.

3. Attendance and Apologies

Apologies were received from Samantha Finch, Sandy Austin, Martyn Collin and Nadeen Proverbs. Chris explained that at the Principals' meeting last Friday it was agreed that a secondary and a primary Principal would represent the group of Principals. **Bob suggested that this proposal should be tabled to directors at their next meeting for approval.**

4. Declaration of Business Interest

None were declared.

5. Financial Update

a. Management accounts for January

Steve R presented the financial reports previously circulated. David thanked Steve for the new format that is being trialled. Any further comments on this format would be appreciated.

David suggested that he would discuss each school separately as follows:

Trust

- Steve explained that the first table is the budget, followed by actuals to date with projections for year end, variances between the two and an explanation of significant virements and variations.
- **David asked what the £275k sponsor income from the DfE can be used for?** Chris Q responded that it is a one-off payment which must be used to support educational

improvements and cover legal costs etc for Cockshut Hill. **David asked if expenditure already incurred was being placed in a separate budget code and this is not currently the case.** Steve R said he would bring a report on expenditure to date to the next meeting. Chris Q reported on an agreement reached with BCC for additional funding around capital and restructure costs in terms of redundancies, the mechanism being that the governing body pays the costs and they become part of a potential deficit at the point of conversion. **Steve H asked if there was a risk in employing a member of staff with an ongoing cost from this funding.** Chris Q said that this was a correct assumption which was being monitored and it is necessary to ensure there is funding available going forward. **Chris W asked if the costs were sustainable** and Chris Q responded that there will remain access to falling roles funding which will be written into the Commercial Transfer Agreement. This is part of the reason why the conversion is delayed until September.

- Further grants have been received for School to School support and formulaic capital income will be received from April. This currently includes Cockshut Hill for the period to August 2016 so there is likely to be a claw back from the current figure of £675k to around £500k. There needs to be a strategic discussion and decision about how this money will be spent. **David asked how agreement would be made** and Hilary explained the current discussions taking place with Surveyors to Education around school condition surveys and a possible maintenance service. Chris Q also reported on conversations taking place with Solihull Local Authority who seemed to be under the impression that the trust would have access to far more capital funding than is the case to support a project to demolish part of Lyndon's buildings and erect a new block to give access for a new primary school. Chris Q has told them that the trust is willing to discuss the proposed project but does not have the £1.5m to spend as they suggest.

It was agreed that a proposal regarding capital spend will be brought to the next meeting for recommendation to directors.

Proposed: **Steve Harris**
 Seconded: **Chris Welton**

- Salary expenditure has increased due to more staff being employed centrally.
- Other employee costs include the funding for staff training, the NEC training day, CPD costs across the trust, network groups, safeguarding and Raiseonline training. **Steve H asked who would evaluate the NEC day to ensure it represented value for money.** Chris Q responded that one method of evaluation would be the feedback from those who attended. This can be brought to the next meeting. It was noted that the event cost £80 a head.
- Expenditure against the First for Maths training grants is also included in this heading.
- David suggested that there needs to be a more explicit and strategic plan on how top slicing is spent as currently spending of the top slice seems to be a little ad hoc.** Chris commented that the usual percentage of top slice appears to be at least 5% whereas the NAT percentage is 4%. Steve R explained that there are a number of services that have been made available through the top slice, eg Speech and Learning support. A proposal for the top slice budget will be brought to the next F&GP meeting.
- Governance and audit costs reflect the fact that costs have been covered by the trust rather than apportioned to individual schools.
- David asked about ETeach subscription for recruitment** and was advised this is just over £14k.
- David said that without the sponsor funding it appears that the trust budget is overspent;** however it was noted that some expenditure already incurred has not yet been explicitly set against the income. Any remaining deficit is due to one off costs and is covered by reserves. The budget for next year shows a projected break even position.

Ninestiles

- No summer school funding of £70k is anticipated this year. Alternative methods of funding provision are being discussed
- Figures include £286k of on-going capital works.

- Salaries figures are impacted positively by recharges to Cockshut Hill and Lyndon where there has been no back fill and also the reduction of projected salary costs for summer school (which in previous years have been in the region of £40k).
- **David asked on what basis recharges were invoiced** and was told it was termly.
- Additional supply costs are being offset by a reduction in salary costs, ie where a vacancy is being covered by supply.
- Steve R commented that currently there are elements of faculty spends , eg reprographic charges that are costed to supplies and services; however these will be split in next year's budget to reflect a truer picture.
- The Teaching School (included in Ninestiles' accounts) has run additional CPD which has incurred additional expenditure but also attracted income.
- Governance and audit costs are reduced due to centralised expenditure.
- **David commented that there is an additional net income of around £300k.** Steve responded that in year Ninestiles will spend £505k on capital assets (which will not be included in expenditure but capitalised).
- **Chris W asked if Ninestiles budget would show a surplus of £300k if there was no capital spend** and Steve agreed but pointed out that there needs to be a rolling programme to cover replacement of IT hardware etc.
- Steve agreed that the projections are prudent but account for increased salary on-costs, eg the increases in employer National Insurance contributions. Chris Q pointed out that unlike Cockshut Hill and Lyndon, Ninestiles benefits from generating full school budget share from achieving PAN and having a lean support staffing structure. **David commented that the Teaching School generates income** and pulls on existing staff employed at Ninestiles. Appointments to the Teaching School course director posts will be made shortly.

Lyndon

- £411k of reserves have been confirmed and transferred from the LA.
- Pension deficit payments are slightly lower than anticipated.
- **Chris W asked if due diligence was completed on Lyndon at the point of conversion** and Chris Q confirmed this was case.
- Key variations relate to donated assets, eg furniture etc at the point of conversion. An estimate of £15m for land and buildings has been made and this will be transferred to fixed assets.
- Income in the School fund transfer mainly relates to ring-fenced expenditure for a ski trip and has now been spent.
- Staff salaries and supply have been spent cautiously in the light of reduced pupil numbers going forward. This has a combined impact of around £308k next year and results in a leaner curriculum offer.
- **David asked if future budget modelling is being undertaken** and Steve confirmed that 3 year budgets are being compiled on the basis of current known information. Once that information is compiled it is a relatively simple task to manipulate information to project alternative models based on reduced income / expenditure etc.
- Chris Q commended Abid on his successful and prudent budgeting in the light of funding uncertainties.

Yarnfield

- The budget is benefitting from the recharge for the shared Business Manager being less than the cost of a whole post.
- Figures reflect a slight saving on salaries where some posts in the original budget have not been taken up.
- There has been a reduction in supply costs year on year and some teaching assistants have not been replaced.

- There will be a variation as Pupil Premium gets more difficult to achieve. The lower numbers of pupils attracting PP in Y1 compared to Y6 was noted. This could result in a reduction in funding of £60k over two years.
- Other employee costs have risen due to staff attending CPD relating to NQT/RQT courses.
- Costs include the re-surface of an outdoor sports area and improvements to the early years outside space.
- There is a saving on audit costs due to centralised provision. There is a potential saving on transferring the cost of a reprographic lease to a purchase which would be capitalised.
- Reserves show a reduction of £128k due to expenditure on a new telephone system, smart boards and more age appropriate furniture etc

Erdington Hall

- Virements against original budget arise from a transfer from reserves and the teaching salary budget to supply.
- There is a variance of income/expenditure across the year due to capitalisation. The school has purchased new ovens.
- There is a variance on Income projected in the budget arising from changes to Pupil Premium uptake.
- Premises charges are projected to be lower by the end of the year and include the cost of suspended ceilings in some classrooms to eliminate a significant problem with damp and mould.
- **Chris Q asked if the supply costs are sustainable** and Steve R responded they are not. However it is hoped that the current level of supply will not be perpetuated in the new academic year.

Oaklands

- There is a positive picture with the new catering provision with the budget having underestimated income and overestimated costs.
- A reduction in Pupil Premium income was noted.
- Salaries - a proportion of the shared Business Manager's salary needs to be recharged.
- Projections overestimated the impact of increased employer National Insurance costs with the outcome being close to 2.5% across the staffing profile.
- The school has received a retrospective rebate on energy costs due from the point of conversion.
- Additional site costs are being incurred due to issues with guttering, fascias etc. Possible cost will be incurred due to safeguarding issues being discussed currently about gates and site security.
- Projections for costs relating to Other Supplies and Services are proving over cautious.
- **Chris W commented that he expected an increase in staff salaries due to increased Y3 pupil numbers.** Chris Q explained that in the short term these were being funded by the LA. Steve R commented that this income is not yet accounted for and an amount of around £30k is expected. **David asked if the resultant teacher costs were being funded by salary or supply.** Currently the school is managing the numbers with existing staff. It was noted that an NQT has recently transferred from Oaklands to Yarnfield to complete his training.

Pegasus

- The Increase in breakfast club income was noted which results from a new charging scale. This has not adversely affected the numbers participating.
- Staff salary costs have increased but are offset by a reduction in supply costs.
- As with the other schools there is a positive variance on audit costs.
- There is a reduction in reserves due to the spend on the early years outside play area.

Consolidated accounts

No further comments.

David thanked Steve R for preparing the accounts. **Chris W commented that whilst initially it was harder to understand the new format, after working through the budgets together he could understand the effectiveness of the presentation. Adrian commented that as a Principal he found it easier to identify the information relating to his own school.**

Chris Q suggested that the overall position is a stable one given the levels of capital investment. She warned that there are uncertainties around the impact of a National Funding Formula currently under consultation. **David asked if the trust was going to respond to the consultation.** Steve R commented that the criteria isn't markedly different to the current situation and it is only once the numbers are completed that it will be possible to take an informed view. Chris Q suggested that all the current criteria are reasonable and it would be hard to disagree with the concept. **Chris W asked if there would be a phased introduction** and Chris Q said that this appeared to be the case. Steve R said that information suggested that the Minimum Funding Guarantee will apply for a period, ie no school should be more than 1.5% worse off than it would have been under current funding arrangements. **David asked if Chris Q thought it would be appropriate for him to submit a response to the consultation on behalf of the trust and the committee agreed that this would be a good plan particularly in relation to the safeguarded MFG. David agreed he would draft a response and circulate to the committee by email for approval before submitting.**

Chris W sought clarifications that the predicted year end reserves will show an increase and Steve R agreed that this is the case for the overall trust position. Current projections suggest that the figure will be £4.2m and how this is invested and spent needs careful and strategic consideration. Chris Q reminded members that Ninestiles Academy Trust's finances are based on a business model and other multi-academy trusts, as commercial businesses, consider it prudent to have reserves which would cover two months' salary costs for all staff – which equates to around £4m. It was agreed that a full Investments/ Reserves policy should be agreed to ensure that investment decisions for all the trust schools are made strategically.

b. Supplier matrix

Steve R presented the questionnaire circulated previously with the agenda. It shows the major suppliers used by each school across the trust. He commented that there is a meeting planned shortly with a company who specialise in Expense Reduction Analysis. **David asked how "key suppliers" are defined** and Steve R commented that it is those who supply high volumes or attract high costs. **Steve H asked if the purpose of the exercise was to extract best prices and value across all the schools with the buying power the trust represents** and Steve R agreed. **Steve H commented on the value of ensuring contract dates are consistent across schools.**

c. Payroll

Further to the last directors' meeting, meetings are being arranged with suppliers of both managed payroll services and in-house software to identify costs and service. The exercise is driven most importantly by the priority to provide the most efficient and best value service but also recognises the potential reduction of efficiency and price increase in the service currently received from Birmingham City Council.

6. Update on audit committee

Steve R presented the Audit report of internal checks informing members that auditors had been asked to check the Financial Procedures Manual during the spring term. The report identified one item of low importance, twelve of medium and none of high. This response had resulted in some changes to the manual. **Bob asked if Crowe Clarke Whitehill had seen the trust's responses** and Steve R agreed this was the case and they had been approved.

The need for a tight reserves policy was noted and will be compiled and brought back to the Finance and General Purposes committee or directors, whichever comes first. **Chris W asked about the statements noted in bold in the executive summary** and Steve confirmed that responses to these comments were included in the report. It was noted in relation to the comments around "Scales of Charges" that none of the trust schools had a system of lettings designed to generate income and thus any charges imposed on ad-hoc lettings were individual to a particular event and often only set to cover any additional costs incurred, eg overtime for site staff. **Chris W asked if it was felt that**

Crowe Clark Whitehill offered a better internal audit service than that of the LA used previously and Steve responded that the remit was more relevant to the academies' processes.

7. Health and Safety update

There were no updates.

8. Chamber of Commerce directory

Chris Q posed the question of whether the trust should advertise in the directory. **Bob asked if other trusts advertised and Steve H asked what the trust would be seeking to achieve by doing so and wondered whether it could raise the profile of the trust and attract skilled directors. (Steve R / Chris Q ?) said they would investigate further and come back with a proposal.**

9. Health and Safety Policy

Abid explained that following the recent audit at Lyndon the new policy was being recommended by Solihull LA. Chris Q suggested that it should be looked at alongside the existing trust policy. **Steve H asked who has overall accountability within the trust for Health and Safety and Chris said the trust was looking to appoint an Estates manager who would take responsibility for these issues. Steve H stressed that Health and Safety was not something that could be "glossed over". David noted that the School Information Sheets record Health and Safety incidents and that they could be reviewed at future F&GP meetings.**

10. Minutes of last meeting held : 30 November 2015

The minutes of the last meeting were accepted as a true and accurate record. Hilary apologised that Steve H's comments about the content of internal audit had not been clear or attributed to him but these had been corrected in the amended minutes presented to the meeting.

Proposed; **Bob Fear**
 Seconded: **Steve Harris**

11. Matters arising

All actions have been completed.

12. Any other business

Chris W asked that a report on staffing could be brought to each meeting and this was agreed. A section on recruitment will also be included.

DATE	ACTIONS ARISING	WHO
2016/03/14/01	Refer Principals' suggestions re representative attendance at F&GP meetings to directors for approval	Chris Q
2016/03/14/02	Report to the next meeting on expenditure of the DfE Sponsor funding	Steve R/Hilary B
2016/03/14/03	Start to compile a strategic plan on formulaic capital funding	Chris Q/Steve R / Hilary B
2016/03/14/04	Present evaluations of the NEC Trust training day to the next meeting	Chris Q
2016/03/14/05	Report on proposed spend for top slice 2016/17 to the next meeting	Chris Q/Steve R/ Hilary B
2016/03/14/06	Draft and circulate response to the Fair Funding consultation	David W
2016/03/14/07	Compile a full Reserves/Investment policy for next meeting	Steve R
2016/03/14/08	Compare Solihull H&S policy to the trust policy	Hilary B
2016/03/14/09	Bring staffing and recruitment report to the next and subsequent meetings	Hilary B

