

MEETING	FINANCE AND GENERAL PURPOSES
DATE	Monday 13 June 2016
VENUE	Ninestiles School
ATTENDEES	Martyn Collin, Vrigu Dey, Bob Fear, Steve Harris, Nadeen Proverbs, Christine Quinn, Chris Welton, Penny Wagg, David Werry
IN ATTENDANCE	Hilary Barber, Abid Butt, Paul Charlton, Dominic Davis, Samantha Finch, Penny Gavalas, Steve Ralph

MINUTES

1. Welcome and apologies

David welcomed all present to the meeting. There were no apologies.

2. Declaration of Business Interests

None were declared.

3. Management Accounts

The committee reviewed the end of April management accounts and considered the major variations from the end of January accounts, which were reviewed at the previous meeting. Steve presented the management accounts highlighting the following points:

- The Capital Improvement Funding for the **trust** has been confirmed at £675k for 2016/17. Indications are that this same amount will be allocated for the financial year 2017/18. This is higher than the £500k noted at the last meeting. David asked whether we are absolutely sure the extra funds would not be reclaimed by EFA and Steve confirmed that he is sure about this.
- The expenditure under curriculum supplies for the **trust** reflects an additional £66k for Speech and Language provision across the schools.
- The increase in income for **Ninestiles** results from staffing secondments to Cockshut Hill.
- The **teaching** school has been awarded £40k to run another Maths Specialist Subject course but this is offset by some higher salary costs
- **Ninestiles** shows a projected increase in premises costs at year end. This is dependent on the committee's approval of the proposal to remodel the front of school. See agenda point 9 and associated report.
- **Lyndon** is showing a loss of income of around £40k due to the loss of lettings to Solihull music service.
- **Lyndon** have received additional pupil premium funding and additional SEND income received from the LA amounting to £70k. In answer to a question, Steve confirmed that the latter is not ring fenced.
- The budget for **Lyndon** premises costs has increased by £60k, due to additional roofing work and the refurbishment of science rooms. This work will be completed during the summer holidays.
- As previously reported, some adjustments to the funding for **Yarnfield** have come through. The net decrease in income of £60k is due to lower than anticipated EYFS funding.
- **Yarnfield** costs include an increase of £24k in anticipated costs for the MUGA project.
- **Erdington Hall** are showing a reduction in anticipated EYFS income of £24k.

- **Erdington Hall** - no major variation in costs – slight variance between teaching and supply budgets where supply is covering current unfilled vacancies.
- **Oaklands** - still no income received for funding for additional pupils. **Bob commented that this was unfair and a forceful letter should be sent to Birmingham City Council noting the committee's disquiet at the non-payment and threatening to charge interest on the outstanding funds.** It was noted that the outstanding income of £40k relates to the period from September 2015 to January 2016. Subsequent funding will be driven by the January census..
- **Oaklands** is showing a reduction in staff costs due to the transfer of personnel to Yarnfield.
- **Pegasus** is showing an increase in income relating to Paul Charlton's time at Cockshut Hill. There is an increase in supply costs as the expenditure for the provision of a Health mentor is being set against this budget. There is a reduction in the budget built into curriculum supplies for the purchase of iPads due to an improved price.
- The net effect for the **trust** of these changes results in a reduction overall of reserves at year end of £100k. However it should be noted that this includes the costs of redeveloping the front of school and provision of a lift at **Ninestiles**, improved play facilities at **Oaklands**, a new outdoor play area and smart boards at **Yarnfield** and completion of work to the science area and repairs to windows and roofing at **Lyndon**.

David invited questions. **Chris Welton noted that the predicted year end reserves balance will be £4,121,000. Bob asked if there were any assets in the course of construction** and Steve responded that the final invoice for the refurbishment of the library at Ninestiles is awaited. **David asked if there were likely to be any changes to the predicted reserves for next year's year end** and Steve agreed this was the case as works being completed during the summer would be included in next year's accounts.

The committee proposed that the management accounts should be accepted and recognised the good and accurate information they contain.

Proposed: **Bob Fear**
 Seconded: **Penny Wagg**

4. Staffing and Recruitment report

The report circulated prior to the meeting was scrutinised. The following points were noted:

- Cockshut Hill has remaining vacancies to fill. The staffing budget represents the leanest structure in the trust following the recent restructure.
- Recruitment remains difficult generally and the uncertainty at Cockshut Hill has had a negative impact on this. There have been joint recruitment strategies employed across the trust. It was noted that a number of staff are leaving Ninestiles to take up substantive promotion opportunities at Cockshut Hill.
- It is hoped and anticipated that by 01 September all schools will have a full staffing complement. This will be reported to the committee and provide a benchmark moving forward for staff changes to be measured against. These will be reported termly.
- **David commented on the need to work towards establishing a common staffing structure across trust schools.** Where restructuring of staff between schools was necessary advice should be sought to enable an assurance that the right staff are in the right places recognising that 75/80% of trust income is spent on staffing.
- **David noted that he had recently attended an Education Finance Agency training course which had encouraged interrogating and reporting on key statistics.**
- **Bob suggested adding a further column on the recruitment report to show the destination of leavers.** This would identify staff who were moving for promotion across trust schools.
- Martyn commented on the numbers of staff moving across the trust and suggested this was a very positive recruitment strategy which helps to keep staff within the trust who may otherwise seek promotion in other schools.
- **Bob asked if all remaining unfilled posts have been advertised.** He was assured this was the case and that appointments can continue to be made during this last half term.
- Martyn and Christine noted that there was some additional staffing capacity within the trust. At the primary level this is represented by Tom Edwards and Paul Saunders. At secondary level

there is some additionality represented by Jagdeep Sahota (Maths) and Ben Lumley (Science). Maths and Science are difficult subjects to which to recruit, MFL and English to a lesser extent.

Nadeen asked if the staff leaving Cockshut Hill were going due to promotions and Christine responded that it was a mix of promotions and relocations. **Nadeen asked if exit questionnaires were conducted** and Christine said that all staff were interviewed.

5. Update on Payroll

Further to the paper circulated, David explained the rationale for investigating the options for moving payroll from the current providers, Birmingham Council and Solihull MBC. He noted the need to obtain a third quote. References have been taken up for Cintra from Vardean College and Solihull Sixth Form College, both of which were very positive.

David noted the apparent savings achieved by moving to Cintra. He asked if the city council had been approached at this stage. **Bob asked about the two options** and Steve R explained what each service would mean in practice. He noted that Cintra offer a great deal of flexibility and support and the opportunity to access more help at any point if self-managing, eg in the case of a long term absence. **Steve H asked if the quotes represented the true costs, ie, would additional staff be needed to manage the process** and it was pointed out that this was included in the report. It was anticipated that an extra two days per week could be needed but if that provided spare capacity the additional member of staff could assist the very busy HR function.

It was agreed that Steve R and Hilary will meet a third payroll company which has been recommended by the trust's finance software provider and report back to the next meeting.

6. Minutes from Audit Committee

David invited comments on the minutes previously circulated. In response to the previous audit he asked Steve R to circulate the updated Financial Procedures Manual to committee members.

David referred to the DfE Schools Financial Health and Efficiency Toolkit, which gives some useful key statistics and information for governors to consider. He queried whether it was the remit of the Audit or Finance and General Purposes committee to consider these. Martyn asked if David was referring to benchmarking and he responded that this was one item in the checklist. David mentioned issues that had led to investigations at other local academy trusts and the need to be sure that procedures were followed correctly.

Steve R commented that he did not feel it was appropriate to extend the remit of the Audit Committee which was to ensure protocols and procedures were being followed correctly whereas the decisions resulting from a benchmarking process would be discussed by the Finance and General Purposes committee who had a more strategic role.

Steve R reported that work is taking place on internal benchmarking but that it is not easy to find accurate comparable national figures.

Steve R also reported that he and the Business Managers are working on compiling 3 year budgets which will incorporate leadership changes into Year1 and from thence into Years 2 and 3. The baseline numbers are available but a decision on presentation is needed.

David W suggested that he would meet Steve R separately to the meeting to plan agenda items for the year, which would cover all of the key information in the DfE toolkit.

A discussion followed about the need for all academy councillors to understand the need to declare any interests they have in relation to discussions around finance or indeed, any other issues. Christine stressed that the trust receives public funding and there is a duty on all those involved in governance to understand the need for, and comply with, regulations about declaring interests.

It was agreed that a standard statement should be added to all agendas for all meetings to remind directors and councillors of their responsibilities in this area.

7. Health & Safety

- Report back on policies
- Estates Manager

Hilary reported that having studied the trust Health and Safety policy against Lyndon's policy (which was compiled by Solihull LA), the principles and accountabilities were very similar. However the Solihull policy was very much more prescriptive in terms of its detail.

It was suggested and agreed that the most appropriate action would be for Lyndon to adopt the trust policy in the short term and once the new Estates Manager is appointed, that person will check out the policy and ensure that it covers all it needs to maintain safe working environments for students and staff.

Chris Welton stressed the need for consistent reporting of any H&S incidents or accidents and it was agreed that the Estates Manager should attend meetings once appointed to report to the committee.

Steve H suggested that the Job Specification for the Estates Manager post should include as "essential" that the successful candidate would either hold a current H&S qualification or be prepared to attend training. He also suggested emphasising point 4 of the job purpose in relation to H&S.

8. Budgets for 2016-17

Steve R reported that budgets had been compiled in a two stage process. Firstly:

- Based on historical spend with key assumptions applied, eg incremental rises, cost of living rises, pension deficits, NI contribution rates adjusted, apprenticeship levy included
- Cockshut Hill included for comparison process
- Universal FSM income estimated at current rates (primaries)
- Summer school funding withdrawn (secondaries)
- Some capital expenditure estimates built into budgets
 - Refurbishment of reception at Ninestiles
 - Smart boards at Yarnfield
 - Refurbishment of play area at Pegasus

However, at the last Directors' meeting it had been agreed that all leadership salaries across the trust should be accounted for centrally. Steve explained the process whereby, due to the variances of % spend on leadership across individual schools (Lyndon – 12.5%, Yarnfield 26.4%), it had been necessary to apply a consistent percentage of contribution to the leadership group plus a bottom line adjustment in order to retain the initial projections of budget surplus/deficits. A spreadsheet detailing the contributions and transfers was presented.

Committee members noted that process highlights the need for an agreed staffing structure complement relative to the size of the school and its pupils numbers to be agreed.

Steve H asked why directors had made the decision to group leaders centrally and Christine explained that it was a very big strategic decision, which was all about school improvement. It gave directors the chance to employ leaders where their expertise was most needed. Alongside the core provision in each school there was an increasing need to have a flexibility to react to situations as they arise. Christine emphasised there was an enormous buy in from the leadership group. Christine noted the enormous inconsistencies between the numbers of leaders at Ninestiles and Lyndon. Currently significant additional capacity is being employed at Cockshut Hill, which needs to bear fruit. The suggestion for the central leadership group had originated in the Principals' group and was subsequently agreed by Directors. Christine thanked Steve R for producing the modelling of the proposal.

Discussion highlighted the following points about the central leadership funding decision:

- It facilitates a sense of corporate responsibility
- It allows for analysis of spending on leadership in line with the ten key indicators which form part of the basis of the EFA Financial Health Check tool
- It identifies where there is inherent unfairness in funding models
- It allows for easy comparison of staff ratios
- Facilitates a proactive approach to allocating staffing to school need

- Adjustments have been made in the budgets to compensate schools who have smaller percentages of leadership spend who would be adversely affected by the implementation of a flat percentage rise in leadership contribution rates
- Only the GAG income was used for calculating the leadership contribution figures

Steve R invited the Business Managers to present their school's budget. The following points were noted:

- Any income that is not confirmed is estimated on the basis of last year's rates
- Academy generated income includes lettings, catering, trips etc – any income that does not come directly from the EFA
- At Pegasus this category of income includes the letting of space to the nursery

Trust budget

- Additional audit costs are attributable to conversion costs for Cockshut Hill which will be invoiced in the new financial year
- Curriculum support budget reduced as schools are paying for their Speech and Language provision in the new year. Last year's budget included rolling out "First for Maths" across the trust.

Ninestiles

- Capital costs are reduced due to the hold-over from last year's building work
- Curriculum supplies show a reduction of £249k compared to last year

Lyndon

- Total of supply and staffing budgets show a £200k increase on last year's spend. This is partly accounted for by the inclusion of part salaries for school improvement roles (£102k before leadership was transferred centrally). There are no major changes to staff numbers.
- The brought forward reserve figure is projected to be £864k

All

- The apparent differences between curriculum support budgets for Yarnfield (£56k), Pegasus (£109k) and Erdington Hall (£143k) were noted. The difference is partly explained by the differing coding of contracted services eg a health mentor on a fixed term contract or an outside agency providing health mentoring. Steve R and the Business Managers were asked to check the details of any variances greater than £60k and report back to the committee.
- It was also recommended that during the budget setting process there should be greater collaboration to ensure consistency across the "curriculum supplies", "services" and "other supplies and services" budgets

Yarnfield

- Total staffing costs have increased by £200k. This includes a percentage of the joint Business Manager costs (not budgeted in 2015/16) and additional leadership to cover two VP maternity leaves.
- **David Werry asked if the trust took out staff insurance** and was told it does not.
- It was noted that the "other supplies and services" budget is reduced from £242k last year to £99k this year. This is a variance which will be reported on to councillors.

It was noted that Oaklands is employing additional staff due to the increase in pupil numbers. Due to the inconsistencies and questions which needed following up, David suggested that the committee asked business managers to redraft and come back with some revised figures by the end of June. New budgets would be circulated by email together with a commentary from Steve Ralph on any major differences (over £60,000) from the previous year. Committee members will ask any further questions and confirm budgets to be presented to directors at their next meeting by Monday 10th July.

Proposed: **Bob Fear**
 Seconded: **Chris Welton**

9. Refurbishment of Ninestiles Reception

The paper circulated with the agenda, which detailed the rationale and the estimated costs, was discussed. This proposal had been presented to directors in outline form and they had delegated the decision to the Finance and General Purposes committee when more information was available. Chris stated that initially there were two elements to the project, the remodelling of the front of school to create a totally pedestrianised area to secure a safe entrance for students and visitors and a second project in the next financial year to create a new reception area more appropriate for the much

greater numbers of visitors attending the school and trust offices. A third potential element has been added, ie the possibility of re-siting the trust office nearer to a new reception area.

The three elements of the project were agreed as follows:

To complete re-modelling of front of Ninestiles School:

Proposed: **Vrigu Dey**

Seconded: **Bob Fear**

To pursue plans and costs to re-site and refurbish the main reception area:

Proposed: **Steve Harris**

Seconded: **Penny Wagg**

To investigate the possible of re-siting the trust offices:

Proposed: **Vrigu Dey**

Seconded: **Chris Welton**

10. Policies

Investment and Reserves

Councillors agreed to recommend the policy to directors subject to the following changes:

- The Finance and General Purposes committee to be referenced to review levels of reserves annually. David and Steve will meet to decide when this is best considered during the year.
- Steve R to include an update on the level of reserves with the monthly accounts
- Steve R to report back to the committee at each spring term meeting

It was agreed that decisions about putting reserves on deposit could be authorised between meetings by email.

Proposed: **Penny Wagg**

Seconded: **Nadeen Proverbs**

11. Minutes and matters arising from March meeting

The minutes of the last meeting were accepted as a true and accurate record.

Proposed: **Bob Fear**

Seconded: **Chris Welton**

12. Any Other Business

There was no other business.

DATE	ACTIONS ARISING	WHO
2016/03/14/04	Present evaluations of the NEC Trust training day to the next meeting	CQ
2016-06-13/01	David to meet with Steve R to identify key indicators	DW/SR
2016-06-13/02	Add destination column to staffing report	HB
2016-06-13/03	Arrange meeting with third payroll provider	SR/HB
2016-06-13/04	Add statement to all agendas regarding Declaration of Business Interests	HB
2016-06-13/05	Amend job description for Estates Manager re H&S as suggested	HB
2016-06-13/06	Amend the Investment and Reserves policy as agreed	HB
2016-06-13/07	Continue to investigate building plans re Ninestiles reception area and trust offices	SR/HB