



**MINUTES OF THE FINANCE, AUDIT & PREMISES COMMITTEE - Wednesday 23 November 2016 at 6pm**

Present: Mrs S Wright Mr D Smith Mr R Foster  
Mr G Rumary

Also present: Mr A Davis (Principal)  
Mrs A Eastwood (Company Secretary & Business Manager)  
Mr G Cole (Site Manager)  
Mrs K Chard (Clerk)  
Miss K Gallagher (RSM)

Apologies: None Given

		<b>ACTION</b>
<b>1</b>	<p><b>APOLOGIES</b></p> <p>Mrs Eastwood made Directors aware that Mrs Fielden had resigned.</p>	
<b>2</b>	<p><b>DECLARATION OF BUSINESS INTERESTS</b></p> <p>Mrs Wright asked if she could be shown as 'No interests declared' in the same way as Mr Wilson-Chalon, instead of 'none declared'.</p> <p>Mr Foster asked if he could have his declaration of interest's form be amended to include being a parent of a pupil at the Academy.</p>	AE AE
<b>3</b>	<p><b>ANNUAL REPORT AND FINANCIAL ACCOUNTS 2015/16 –</b> Kerry Gallagher, RSM.</p> <p>Directors welcomed Kerry Gallagher from RSM to present the draft Annual Report and Financial Accounts 2015/16. Miss Gallagher went through the accounts in detail and Directors were invited to ask questions.</p> <p><b>Huish Episcopi Academy – Annual Report and Financial Statement</b></p> <p>Miss Gallagher explained to Directors that at this stage the report should ideally be final, but there may be still be some minor changes due to the meeting being a week earlier than usual. This would not affect the totals. Miss Gallagher discussed that Mrs Eastwood and Mrs Chard had been let down with accounts delivery from Somerset County Council (SCC). Problems had been around staff sickness and the presentation of the final document was not as expected.</p> <p>Miss Gallagher then went on to clarify that generally the figures have not changed from the previous year, but the layout had, due to the adoption of Charities SORP (Statement of Recommended Practice). The largest change lies around the pension liability. This had increased because the Local Government Pension Scheme (LGPS) has had a three-year valuation and the deficit has increased. The LGPS is the pension fund for support staff, and invested in Government Gilts which have dropped in value.</p> <p>This now shows on the Balance Sheet on page 27 as a liability of £3,579,000. This is a notional share of the Somerset and Devon scheme. Miss Gallagher confirmed that the DfE would be liable for the debt if the Academy has to close for financial</p>	

reasons. As the scheme is final salary, with people living longer and investments not returning the deficit is increasing. Contributions will increase at some point within the next year to try and compensate.

Mrs Eastwood drew Directors attention towards the Net Current Assets figure on page 27 of £1,231,552. Miss Gallagher commented that this was a positive position as a lot of academies now only have the value of their buildings. Mr Davis asked Miss Gallagher if she saw a lot of academies falling into financial difficulties. Miss Gallagher discussed that more academies are joining forces and the DfE can force primary schools to if they are struggling, in particular more locally than geographically further apart.

Mr Foster questioned the cash equivalents on page 28. Miss Gallagher referred to note 21 on page 39 that this figure included debtors and creditors and was only based on a set point in time, 31 August. This year significantly less had been spent on capital.

Mr Davis queried the total income on page 26 as being £7,612,728 as opposed to 2015 being £8,222,575. Miss Gallagher referred to note 5 on page 32 as the General Annual Grant (GAG) funding increased, but 2015 included the income from South Somerset District Council (SSDC) for the AGP.

Mr Foster asked about the turnover on page 36 showing as higher than the previous year. Miss Gallagher confirmed this was because the profit from Huish Leisure was higher this year. If Huish Leisure was standing alone, it would incur much higher expenditure. All profits have been gifted over to the Academy this year instead of shared to ensure no corporation tax bill.

Mr Davis asked if Miss Gallagher knew where the future of the Education Services Grant (ESG) will end up. Miss Gallagher said she did not know.

Miss Gallagher explained to Directors that the Auditors are more interested in looking at the next 12 months' cash flow than at the 2 or 5-year plan. Pupil numbers decreasing would be seen as a problem. Mr Smith commented that he thought that it was a credit to the Academy that staff costs have remained the same whilst pupil numbers have risen. Mr Davis explained that with year groups of 240/250 leaving and 260/270 pupils joining the Academy, they were operating with slightly fewer staff but maintaining the same level of service. Mrs Eastwood mentioned that staff costs will be up by approximately £60,000 this year, based on the same level of staffing due to higher NI costs.

**Audit Report**

Miss Gallagher again confirmed that this document was in draft format. Section 2 does not change often, but with regards to fund accounting, Learner Support Fund Grant (LSFG) bursary for 16-19 years comes with conditions attached, unlike Pupil Premium. Mrs Eastwood stated that the LSFG will be included in the Financial Regulations document.

Item 3, Audit and accounting issues identified, related to an old Staff Association bank account that is in the process of being closed.

Item 4, Unadjusted/Adjusted misstatements would not have happened if SCC had been more consistent in there reporting.

Items 5 Potential impropriety and Item 6 Significant Deficiencies in Internal Control are both blank. Miss Gallagher stated that this shows having very good internal controls in place, which is a good place to be before becoming a Multi Academy Trust. Miss Gallagher also advised that when this happens the Academy should not compromise on this point in terms of the financial processes and controls. Miss

Gallagher mentioned the press coverage of 'The Kids Company' story as being a good read about bad governance. Mrs Eastwood said that she thought keeping a Responsible Officer role was a good strategy and over sight. Mr Smith commented that it acted as prevention as well as cure.

Mrs Wright stated that she thought the Academy had considered moving away from using SCC as accountants when we converted to an Academy. Mrs Eastwood clarified she was having discussions with Mr Smith regarding this.

Mr Smith took Directors back to the Annual Report, on page 31, Agency Arrangements 16-19 bursary fund should refer to note 29 instead of 30.

Miss Gallagher left the meeting at 7.10pm

**It was agreed by the committee that the Annual Report and Financial Statements and audit report be recommended to the Full Board for approval.**

**4 ELECTION OF OFFICERS**

Directors agreed that the post of Vice Chair was left unfilled until there were more Directors available for the committee.

**5 MINUTES AND MATTERS ARISING**

**Minutes**

Mrs Wright mentioned an error on page 4, the last paragraph 'Mrs Eastwood felt it was important that for Directors' the 'that' was not necessary. On page 7, under reserves policy, it says 'Mr Davis confirmed that we have similar levels to other similar sized costs' Costs should say 'schools'. Also in the same paragraph, 'It was discussed whether there was more a relevant figure' should say 'a more relevant figure'.

Under disposals of PCs on the same page, 'One Director raised the question' should say 'Mr Rumary raised the question'. The issue of the disposal of a number of PCs at the end of each academic year was again discussed. It was agreed that the life span of a computer at home would not be as heavy as at school due to there being multiple users. In order to meet the requirements of data protection, the operating system would have to be wiped, which would add an additional cost to the purchaser. Mrs Eastwood confirmed that there was not enough man power to support after sales problems. Mr Rumary stated that Bucklers Mead sell laptops with no concerns, and operating systems can be purchased from £15 each now. Mrs Eastwood agreed to ask Mr Johnson to investigate further.

AE - JJ

Mr Foster commented that at work their laptops last 6 years, and they have more than one operator. Mrs Eastwood stated that the Academy's laptops have heavy wear and tear from the pupils. Mrs Wright asked if they were useful for disadvantaged pupils to have at home. Mrs Eastwood commented that currently we use a disposal company who give us a certificate of destruction to show they have been wiped. Mr Rumary said that due to data protection information does not get stored on the computers anyway. Mrs Eastwood mentioned that there are instances when it does happen in error. Mr Rumary suggested the hard drives could just be removed. Mr Smith commented that sold as seen is not always followed, but suggested Directors followed Mr Johnsons advice as he is the expert.

Mr Smith mentioned on page 5, under Health and Safety Update, the action point should be AE/AD/JMW and not DS.

**Directors agreed and approved the minutes from the October meeting as a true and accurate record.**

**Action Sheet**

Item 26, LED Lighting/Energy Savings. Mrs Eastwood explained that they had analysed the expenditure on electricity for the previous financial year and although there was no cost saving, there was a unit consumption saving. Mrs Eastwood commented that as the lighting is now so good, some projectors are having to be replaced for better ones at approximately £600 to £700 each. Mr Rumary commented that computers were still switched on in the 6<sup>th</sup> Form room adjacent to the meeting at 7.30pm. Mrs Wright asked how long the solar panel payback time was originally quoted as. Mrs Eastwood agreed to check and report at the next meeting

AE

Item 32, Staff Absence Insurance. Mrs Eastwood confirmed that quotes had been received but depended on pre-existing conditions. Mrs Wright asked if these could be calculated over the last two years as the last year had particularly long absences.

AE

Item 33, Academy Management Report 5. Item to be closed but Mrs Eastwood to add the figures.

Item 37, Terms of Reference. Directors agreed to having a Responsible Officer adds value. This is to be re-visited every 2-3 years.

Item 38, Risk Register. Mr Foster mentioned that the risk register was subjective in terms of risk analysis with reference to impact but trying to add quantified values was also subjective, and how do you quantify the figure? Mr Smith commented that doing so would make the risk register more difficult to maintain. Directors agreed to re-evaluate at the end of the year.

Item 39, Risk Register. Mr Smith confirmed he was the Director appointed to health and safety. Mrs Eastwood confirmed that in relation to Section 106 funds, SSDC only owed £7419, and with the pool build they will pay in advance.

Mr Cole arrived, 7.40pm.

**9 PREMISES AND HEALTH AND SAFETY**

**a) Facilities Development Plan and Capital Projects**

Mrs Eastwood clarified that there was £30,000 that had rolled over from the previous year as being ring fenced for capital projects. A priority for this money is site security. £1,100 has been quoted to add the ID card reader system for the 6<sup>th</sup> form main entrance. Mr Davis mentioned the door at the rear of the sports centre was to be fenced in to keep pupils within the site.

Mrs Eastwood discussed fencing at the rear of the site between the AGP and J Block as potentially costing £9,000. This would provide a walkway off site for pedestrians walking between Eli's and a local housing estate.

A tree survey is planned to take place costing £5,900 over the next 12 months. 199 trees are listed, but there are 300 on the Academy site.

Mrs Eastwood also explained that the tennis courts need re-lining, but the whole area needs resurfacing. Mr Cole commented that to colour coat them would cost around £11,000 with a lifespan of 10 years, rather than the usual 18 months.

**b) AGP Summary**

Mrs Eastwood clarified there will be an additional £33,000 to be invoiced to SSDC

by the time the project was complete and all invoices received. The underspend on the project was mainly irrecoverable VAT. The Academy's total spend then comes out at £114,148, which included some pre-construction works around the demolition of the old PE huts. Mrs Wright expressed concern that she felt the Academy had increased its contribution to £200,000 when Mr Coutts left to cover the £90,000 SSDC owed. Mrs Eastwood confirmed that the £114k was the total contribution the Academy had made. Mr Davis said that he was happy the project had come in under budget.

**c) Master Planning Update**

Mrs Eastwood confirmed that the CIF application deadline was the 9 December. The Academy is taking forward two projects. One is a replacement of the history classrooms. This will consist of 6 rooms that stretch into the quad behind and include extra toilets and a therapy room. This gives the bid a medium/high priority. Mrs Eastwood clarified that a discussion around extra funding would need to be made with Directors when the final figures are available. Mrs Wright asked what will happen if the disabled pupil decides not to attend. Mr Davis commented that the back of the medical room is reaching the end of its life, and this new build would be modular meaning it could be built on top of. Mr Foster asked if this had a finite life. Mr Cole agreed to check. Mr Foster asked if we had to demolish the medical room. Mr Cole thought that it could be used as a storage room.

GC

**d) Swimming Pool Project**

Mrs Eastwood confirmed that planning permission would be decided on the 2 December and the 2<sup>nd</sup> stage tender negotiations should be completed on 5 December. Mr Smith mentioned that he was not available on the 5<sup>th</sup>.

**e) Health and Safety Update**

Mrs Eastwood told Directors that the health and safety audit will take place on the 23<sup>rd</sup> January. Mrs Eastwood also clarified that lockdown procedures were being put in place and a practice drill will take place next week.

**f) Summary of Work Carried Out During October Half Term**

Mr Davis thanked Gary and the site team for all the painting and decorating that had been done, it makes a big difference.

Mr Cole left the meeting at 8.20pm

**6 AUDIT COMMITTEE**

Mr Smith, as Responsible Officer, chaired this section of the meeting.

**a) Responsible Officer Report**

Mr Smith reported to Directors that he had met with Mr Cole to check and discuss maintenance systems and procedures. Mr Smith thanked Mr Cole for his care and dedication to the role, and confirmed he had a huge feeling of confidence that the site was being managed well. Eight areas were checked and all were found to be compliant. Mr Foster asked if this could be made an annual event. Mr Smith agreed and confirmed he planned to attend the health and safety audit and one of the health and safety working groups per year. Mrs Eastwood asked if Mr Smith would consider doing a similar check system with risk assessments next year, to which Mr Smith replied he would be happy to.

AE

Mr Smith expressed concern at the unsatisfactory service with SCC and the production of the accounts. Mrs Eastwood agreed to look at alternatives and discuss the support staff plan/structure with Mr Davis. Mrs Eastwood then

suggested an interim relationship between the Academy and RSM that involved training. Mr Smith suggested this could be part of a 3-year plan. Mrs Eastwood agreed to investigate and report back.

**b) Risk Register and Risk Management**

Mr Foster raised the question of how a new risk was raised. Mrs Wright commented that it should be through the Chair and SLT to be discussed at the next meeting. Mr Foster asked what if it was very high risk or urgent. Directors discussed it should still be the Chair, Mr Davis and Mrs Eastwood to take immediate action. Mr Foster stated that he wondered if a new risk should be added, the risk of cost savings against a reduction in services the Academy offered. How is or may this be managed? Mr Smith thought this was already covered with Category 1, reference 4, Exam results fall below county/national levels or show an adverse trend.

Mr Foster was concerned at how long this effect would take to be realised and then any recovery actions would potentially be too late. Mrs Wright mentioned that we have to accept if we make economies there could be reduction in services. Mr Davis gave an example of the school nurse. Mrs Eastwood informed Directors that this had happened with trips and visits. A member of staff left and was not replaced. Once this proved to be unmanageable, the staffing went back in, but an administration charge on school trips is now being included. Mr Foster asked if Mr Davis could implement an action plan should a risk be raised.

AD

**7 FINANCIAL INFORMATION**

**a) Academy Management Report 2016**

Mrs Eastwood highlighted the £4,295 estimated outturn. A service agreement for the provision of ICT support to four primary schools was currently in place and the documentation being drafted. Staffing is 81.1% without Huish Leisure, so just over the recommended upper limit of 80%. No carry forward has been included in these figures.

Mrs Wright asked about C005, Swimming pool project. Mrs Eastwood confirmed that this was the initial expenses relating to consultant project fees, purchase orders have been allocated but no funding has yet been received from Sport England or SSDC as the grant agreements are not yet in place. Estimated expenditure so far of £114, 966. Mrs Wright asked if the Academy withstands the £20,000 fundraising towards the swimming pool roof. Mrs Eastwood explained that there was a plan in place, including a spring fete and a buy a brick scheme.

**b) Outturn for the Academy 2015 Financial Year**

Document to follow.

**c) Leisure Centre Financial Information 2016/17**

Directors noted.

**8 FINANCIAL MANAGEMENT**

**a) Efficiency Planning and Five Year Budget**

Mrs Eastwood displayed to Directors an efficiency spreadsheet and graph. Mr Davis discussed potential savings on Science technicians and ICT staff. Mrs Eastwood brought Directors attention to a possible £58,000 saving which would offset against the £108,000 in year budget deficit. Mr Foster mentioned it may be worth doing some work around which efficiency is best to follow, as some will be more

financially viable than others. Mr Rumary asked if this would be presented at every meeting. Mrs Eastwood replied that it would.

**b) Bank Account Summary**

Directors noted. Sinking Fund account to be included, currently at £16,500.

**10 ACADEMY IMPROVEMENT PLAN**

Mr Davis responded that the whole meeting had been based around the efficiency plan, and site development was to be discussed at the next full board meeting.

**11 REVIEW OF DECISIONS MADE**

None

**12 ANY OTHER URGENT BUSINESS**

None

**13 DATE OF NEXT MEETING**

Mr Foster could not make the next meeting planned as the Tuesday 28 February. Directors agreed Thursday 23 Feb at 5pm.

Meeting closed at 9.15pm



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