



MINUTES OF THE FINANCE, AUDIT & PREMISES COMMITTEE - Thursday 30 April 2015 at 5pm

Present: Mr A Davis (Principal) Mr J Wilkinson (Chair) Dr M Richards (Vice Chair)
Mrs S Wright Mr P Monaghan Mr R Clark
Mr D Smith (Responsible Officer)

Also present: Mrs A Eastwood (Company Secretary & Business Manager)
Mr G Cole (Premises Manager)
Mrs K Chard (Clerk)

Apologies: Mrs J Innis
Mr G Rumary
Mr R Cox

	ACTION
<p>1 APOLOGIES</p> <p>Apologies were received from Mrs J Innis, Mr G Rumary and Mr R Cox.</p>	
<p>2 DECLARATION OF BUSINESS INTERESTS</p> <p>Mr Wilkinson said that Mr Cox was updating his Declaration of Interests form. Mr Smith reported that he had been co-opted to the Institute of Builders Merchants.</p>	
<p>3 MINUTES AND MATTERS ARISING</p> <p>Minutes and Matters Arising</p> <p>Mrs Wright asked that Mr Wilkinson was shown as 'Chair' and that Mr Monaghan had his initial included.</p> <p>Mr Smith clarified that on page 4 under Health and Safety, '<i>Mr Smith asked if any incidents could be reported at each meeting</i>', he meant that any major incidents be reported. Mrs Eastwood asked if the Health and Safety Management report that had been included in the supporting papers was what was required, to which Mr Smith replied no. Mr Smith confirmed that he was interested in anything at a reportable or RIDDOR level.</p> <p>Mr Monaghan said that on page 6, under Audit Committee, he could not recall what he had said regarding the Income Report. Mr Monaghan then asked would it be possible to have the minutes sooner whilst it is still fresh in everyone's mind. Mrs Eastwood said that they would try to get them out sooner.</p> <p>Mrs Wright, in referring to the Huish Leisure Directors' Annual Report (year ended 31.08.14) stated that on page 8 it recorded that 'the audit fee for the company is being born by the parent company'. Mrs Wright asked whether it was correct that the Academy had paid HLL audit fees. Mrs Wright asked also whether the clerking costs were being borne by the Academy as well.</p> <p>Mrs Eastwood stated that the onus was on the Academy to prepare and publish detailed consolidated accounts and as such it was felt that the cost should also lie with the Academy. If the Leisure Centre was run as a separate company, then they would be required to prepare much simpler accounts. Also Mrs Eastwood said that the amounts charged by Baker Tilly were for creating accounts for both the</p>	

Academy and Huish Leisure; it was not broken down separately. Mrs Wright stated that the rules strictly said that the Academy should not subsidise the Leisure Centre in any way. Mrs Eastwood replied that both the Accountants and Auditors have been involved over the past few years in these discussions around the recharges.

A lengthy discussion was had amongst the members of the committee. This included discussions around

- ensuring that the original rationale for recharging made sense and that the auditors agreed with this
- it was necessary to monitor the process for recharging leisure and the administration costs incurred in this process
- not wanting to spend a lot of time administering the recharging and incur a lot of additional cost compared to the amounts involved.
- continuing as we are as the accounts seem to agree that everything is as it ought to be.

Mr Wilkinson asked for a statement from the auditors that they agreed with not passing on a recharge for audit fees and that was confirmed in the form of a letter. Mrs Wright added that she would like to see the costs apportioned. Mrs Eastwood stated that she would get clarification from the Auditors.

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Action Sheet

Mr Cole reported that the Health and Safety Management Report, Item 1, 48 members of staff have already completed the training with a deadline of the 22 May.

Mr Davis reported that SLT Meetings, Item 5a, Mr Smith attended a SLT meeting on 22 April, which Mr Smith said that he found very useful.

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

4 PREMISES HEALTH AND SAFETY

a) Synthetic Pitch - Update

Mrs Eastwood reported that the two PE storage huts had been demolished and the pitch was to be started on Monday. Mrs Eastwood confirmed she was trying to get the long jumps completed for Sports Day on the 8th July.

Mr Wilkinson asked about signage, particularly for visitors in the evening. Mrs Eastwood said she understood it was being delivered the next week.

Directors raised the issue of reduced parking on the site and Mrs Eastwood commented that she had contacted the Parish Council with regards to 'renting' some of the Church car park and that various adjustments had been put in place across the site. Mr Davis explained that we were waiting for confirmation from South Somerset District Council that the outline of the School Travel Plan was acceptable in terms of meeting a planning condition.

A discussion was had regarding suitable footwear on the AGP and Mr Davis confirmed that Tiger turf will visit and monitor the pitch surface for wear.

Mr Cole commented that the Academy grounds man had attended a training course on AGP surface care.

b) Capital Projects Update

Mrs Eastwood reported that the Academy had been granted Condition Improvement Funding for the roofing project. The project will start after May half term, and is currently out to tender. This funding is for the flat roofs on the lower school kitchen, the DT block and the front of school, as these areas have significant leaks. Mrs Eastwood clarified that this project was part funded by the EFA, a Salix and EFA loan and Academy funding of £50k. The project total cost is £257k. Mr Davis confirmed that a factor to our success with this project was down to the Academy making such a substantial financial contribution.

Mrs Eastwood also reported that the final phase of the window replacement, with a cost of £28k, had been turned down. Mr Wilkinson asked whether or not the project could be funded by Academy funds and Mr Davis said that we needed to seek a balance between the competing premises projects, which included a covered seated area for students. Mrs Eastwood said that they would try to spread out the remainder of the window works over the next one or two financial years to ensure they were all completed, but that all health and safety issues around windows had already been dealt with.

Mr Clark commented that as a Director he didn't want to re-visit all the decisions that had been made but to understand that a discussion had taken place and understand the rationale behind it.

Mrs Eastwood clarified that for the next meeting she would update the capital projects sheet and include a narrative as previously requested.

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c) Health and Safety Update

Previously discussed. There were no reportable instances to report to Directors.

d) Summary of work carried out over the Easter holidays

Mr Cole took Directors through the report. Mr Davis reported that the PE office transformation was outstanding.

Mr Cole left the meeting.

5 FINANCIAL INFORMATION AND MANAGEMENT

a) Academy Management Report 2014

Mrs Eastwood discussed the report. There were no changes to the income since the last meeting, but on page 2 the surplus had increased to £778k. The last report showed £686k. The increase in surplus was primarily around the impact of the support staff re-structuring last November being realised in the accounts.

Mr Wilkinson asked about the high level of reserves and contingencies of £645k shown in U501 and U503. Mr Davis discussed the need for this money over the next few years as a buffer as the next year's budget was essentially flat. Mr Davis stated that the options are either to make some very painful cuts in spending in the next academic year, or to use some of the reserves to smooth the financial bumps out. The painful cuts would essentially be the things that we consider make Huish Academy special, i.e. music lessons, educational visits, full time medical room staffing.

Mrs Eastwood discussed pages 4 to 6 of the Management Report and Mrs Wright asked about the HR Fund. Mrs Eastwood clarified that everything had been included in terms of severance and maternity costs. The surplus from the previous year had also been brought into the fund. Mrs Wright asked why we added money when we were only 66% spent. Mrs Eastwood reported that this was because we assume the worst case scenario, and as we move into a climate with difficult decisions it would

be good practice to have money available.

Mr Davis commented that the good times have ended for Academies, and although it is not a good idea to dip into savings year on year, tactically this year it may be something we need to do before we start making some really difficult decisions. It would also be good to wait and see how the political parties respond to issues like fairer funding.

Mr Wilkinson queried the F309 Drama and F322/G226 Music overspends. Mrs Eastwood replied that these would be cleared once Guys and Dolls and music lesson funding have been recharged to the correct budgets.

Mrs Wright asked about C009, Capital Pitch Project and the £34,916 balance. Mrs Eastwood explained this was brought forward from the previous year as expenditure, which would be capitalised when the pitch was completed.

Mr Wilkinson mentioned the error on page 10, D106, Rates 'will be eradicated' as bad terminology. Also G226, Musical Instrument Tuition 'Transactions to be finalised'.

b) Leisure Centre Financial Information

Leisure Accounts Management Report 7 was discussed. Mrs Eastwood explained a profit is showing of £11,607 for the financial year. Mrs Eastwood remarked that last week's direct debit membership collection was the biggest since we have started trading at £13,500.

Mr Clark commented that last month's report did not look so attractive with cancelled direct debits and new customers, but Mrs Childs had explained that a lot of the memberships we lost were casual child memberships and had been replaced by more solid adult memberships.

Mrs Wright queried why Wincanton Print had been used to produce the swimming pool timetable flyer and not Huish Print. Mrs Eastwood replied that there were issues around quality. Mr Richards thought there were issues around timescales and Huish print not quite being able to offer what Huish Leisure required. These issues were currently being addressed.

Mrs Eastwood spoke about the shared costs between the Academy and Huish Leisure, which are currently set at 43.37% Academy and 56.63% Leisure. This is calculated on footfall (usage) and wear and tear. These figures had been re-calculated and the revised amounts are 40.90% Academy and 59.10% Leisure. This will be applied from September 2014 to August 2015.

Mr Smith asked what the difference was between 'attendance' and 'usage' in the key performance indicators. Mrs Eastwood agreed to find out.

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c) Budget 2015/16

Mrs Eastwood presented the draft budget to Directors and explained to new Directors that the budgeting process included two meetings with FAP and then a recommendation to the Full Board. This meeting was the meeting where the detail gets discussed, then at the next meeting on the 11th June the final budget will be presented. Hopefully then Directors would recommend it to the Full Board for approval at the meeting the following week.

Mrs Eastwood stated that the reduction in income is due to the budget being flat, income was £6,944,748 last academic year and £6,862,428 this next year. The key area of reduction in income is due to the catering salaries recharges. Previously the Academy employed the catering staff directly and re-charged Taylor Shaw, but now they are employed directly. Obviously there is a corresponding reduction relating to salary expenditure.

Mrs Eastwood then explained that some staffing costs have continued to increase. The National Insurance rebate that the Academy receives will be removed in April 2016, this increases NI costs by 3.4%. Teachers pensions' contributions from the employer will increase from 14.1% to 16.4% from September 2015. There is also an assumed 1% pay award against teaching and support staff, and staffing pay increments are automatically included.

All these increases contribute to a current in year deficit of £119,493. Mrs Eastwood said that at the initial budgeting stage when all current staffing information had been carried across the deficit was originally at £500k. The staffing information has been updated and Mr Davis and Mrs Eastwood had made some clear cuts mainly around staffing and recruitment and also going through the budget line by line to see where savings could be made. Mrs Eastwood clarified that we were really 'down to the bone' now, and did not think in subsequent years many savings would be able to be made in any areas other than staffing.

Mrs Wright queried A019, Administrative Staff pay increasing by £51k. Mrs Eastwood confirmed this was because the new Assistant Principal was a member of the support staff and not teaching staff, so the salary cost had moved.

Mrs Wright queried the D104 Water, and how we will manage to save £8k. Mrs Eastwood stated that the bills have been analysed and we were apportioning too much money against utilities. Mrs Eastwood said that the Academy still purchases its electricity from Somerset County Council, and there will be a 4% reduction next year. Mr Wilkinson asked if we had asked for a quotation from another supplier like EDF. Mrs Eastwood said that as we spend approx. £90k on electricity it would be a good exercise to complete.

AE

Mrs Eastwood confirmed that certain areas still need to be finalised, amongst them leasing, which is still being analysed as some equipment is coming to the end of its life and new computers need to be purchased. Capitation F301, which was currently set at £100k may be a little bit low.

Mr Wilkinson asked about A010 and A026 and that these were budgets for development and training of staff. He asked whether it was wise to cut costs in these areas as this is what the Academy is all about. Mr Davis said that some types of training, such as joint practise development and peer reviews work better than an occasional online training course.

Mr Richards asked if Pupil Premium money came in arrears as well like the EFA funding. Mrs Eastwood replied that it was initially based on the October census and then reviewed on the January census, so it catches up within the year. V908, Pupil Premium, shows that we are expecting £188,000, but other than the £35,000 shown on G282, all the rest goes towards staffing.

Mr Wilkinson asked if the loans we need to re-pay around the roofing project are included in the budget. Mrs Eastwood replied that they appeared under C001, DFCG/Capital Works. £10,112 was the repayment for this year.

Mrs Eastwood went through the separate spreadsheet on G204, Support Services, as this was a substantial area of expenditure. Items in red are still to be confirmed. Mrs Eastwood reported that she had included the cost of a tree survey as one had not been completed for a few years. Mrs Wright asked who we hire to do that, to which Mrs Eastwood replied that we would go out to different companies for prices.

Mrs Eastwood continued to explain that we no longer purchase benchmarking data as we do not currently do much, but it may be necessary to look at in the future.

Mrs Eastwood explained that for Human Resources Advisory Services we currently use Somerset County Council, but would like to consider purchasing it from our

solicitors Browne Jacobson. Mr Wilkinson asked if it was not a conflict in interest to use the same people, to which Mrs Eastwood replied that it was run by different departments, and some people actually think it is better to use the same company. Mr Davis clarified that our issues with SCC are that they seem to be 'reactive', whereas Browne Jacobson seem to be 'proactive'. Mr Davis said that as the Browne Jacobson service was more expensive, he proposed to change the Kirkland Rowell Surveys we purchase are annual, swapping them to bi-annual, which will make up the shortfall. Mrs Eastwood clarified that the quote included unlimited helpline advice, day to day HR and employment law issues. It also included two half day visits to school. Mrs Eastwood explained she felt there was added value included in aligning employment law with our legal advisors.

Mr Wilkinson asked if there would be any issue with union involvement with moving away from Somerset County Council. Mrs Eastwood said that Browne Jacobson were education specialists so would be used to dealing with Union involvement.

Mr Wilkinson enquired about record keeping if we change legal providers in one or two years' time. Mr Davis said that we retain large files on day to day items anyway. Mrs Eastwood then commented that she would like us to buy two years to ensure continuity. Mr Smith confirmed that he supported the desire to move to a more proactive HR management style, and could see the benefit of continuity. He asked if it had been discussed at Pay and Personnel, to which Mrs Eastwood replied it had not because of the timings of the meetings.

Mr Wilkinson asked if we should refer the decision to Pay and Personnel. Mr Monaghan questioned that no financial reason was stopping the committee from making a decision, due to the amount of money involved. He suggested the people closest to the decision should choose, and the Directors would agree it should be paid for. Mr Smith agreed. Mr Wilkinson then stated the people closest to the decision were Mrs Eastwood and Mr Davis, and clarified that the decision should be taken to Pay and Personnel, with the proviso that the financial decision had already been made.

Pay & Personnel Committee

Mrs Wright commented that the amount of money was bothering her and that when other budgets were being cut, to up this budget did not feel right. Mrs Eastwood stated that it was like an insurance policy as we did not know what was around the corner.

Mrs Eastwood then went on to discuss that Somerset County Council have made changes around Governor Services. Bronze, Silver and Gold have been changed to a Core package. You can then buy bundles of ten hours over and above this if you so choose. The Core package appears to be over and above the Gold Package we have previously purchased. Directors discussed the importance of receiving the Modern Governor publication, but agreed to purchase the Core Package with Mrs Eastwood investigating the purchase of the publication.

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Mr Wilkinson stated his final comment was that the figures in the budget are all very rounded so they are clearly not final in any way, shape or form. Mrs Eastwood replied that most of the figures are rounded, and have always been. Mr Smith commented that he did not think that was unusual for budgeting. Mrs Eastwood explained that the staffing figure has a large spreadsheet of calculations behind it with all the costs and charges and these figures are very precise, but agreed they are rounded in a lot of cost centres outside of staffing. Mr Wilkinson asked if by rounding them we are inevitably creating a contingency. Therefore why are we also adding an additional contingency? Mrs Eastwood stated that that was because it was good to have a contingency within the budget, as it is impossible to foresee every aspect of expenditure. Mrs Eastwood said that she thought that was better budgeting than having to come back and ask for every penny she needed. Mr Wilkinson stated that he guaranteed in 90% of these figures stated there would be a contingency.

Mr Wilkinson then suggested that in a budget of £6m Mrs Eastwood may include a contingency of £60k, but no one should be aware of this. The budget should be driven with no advertised contingency included. Mrs Eastwood said she kept track of all additional requests for funding and that they amounted to the value of £21-22,000 this year. Mr Wilkinson commented that he thought that at this stage in the year we should just be conscious not to include contingencies all over the place as it distorts the figures.

Mr Davis reported that the figures may look round, but they are actually fairly accurate. There may be £5 here or £5 there, but they are there or thereabouts. Mr Smith said that as the staff costs were such a huge figure, if there was 5% fluctuation on that then obviously it would be a large sum, but as the staffing is an absolute figure, that brings all the other sums down to a figure he is not uncomfortable with.

Mr Wilkinson agreed that he stood corrected. Mr Davis explained that he took Mr Wilkinson's point though, that we say we have no money when in fact we have money left in an account.

Mrs Eastwood summed up that we are in a deficit position of £119k for this financial year going forward, so asked if Directors were prepared to cover from reserves.

Mr Davis confirmed from his point of view was that we had significant enough reserves to be able to cover the deficit and wait and see what happens in twelve months' time. Mr Davis stated that if we do not implement any further cuts and set a deficit budget, we would still be left with £666k in reserves.

Directors agreed to use reserves to cover an in year budget deficit of up to £150k.

d) Bank Account Summary

Directors Noted.

e) Risk Register

Mrs Eastwood reported the risk register had been updated to include items in red. Page 8, Operational, Item 1, we have qualified the inability to recruit appropriate staff due to rural location.

Page 10, Compliance, Item 3, a correction to 'HEA is not unable' which should read 'HEA is unable' This item has been added regarding the risks around Safeguarding.

Page 12, Financial, Item 3, the full board requested that this was added with regards to the Artificial Grass Pitch not generating enough income.

6 AUDIT COMMITTEE (Chaired by the Responsible Officer)

Mr Smith reported that earlier in the week the action plan sheet was issued in view of the Responsible Officer checks that had taken place by Somerset County Council. Mr Smith reported that he was happy that the couple of minor points that were raised were being dealt with.

Mr Smith explained that he joined the finance team at the beginning of the week to look through the processes for receiving income. Mr Smith stated that he was very pleased with what he saw and it confirmed that the Responsible Officer report would have been an accurate reflection on what actually happens. Mr Smith reported that there were some stretch points particularly at break times with manning the shop being quite challenging.

Mr Smith also reported that he attended an SLT meeting the previous week which

<p>was very interesting, and intends on attending as many board meetings as possible.</p> <p>With regards to the roofing project, Mr Smith thought it would be very helpful if a basic report could be prepared to provide a summary of the sources of finance, and then to be updated against costs as the project proceeds. Similarly, a short overview of income and returns from the solar panel project compared to our expectations would be helpful.</p> <p>7 ACADEMY IMPROVEMENT PLAN</p> <p>Mr Davis reported that any improvements were not financial due to budget cuts and therefore nothing was to report.</p> <p>8 REVIEW OF DECISIONS MADE</p> <p>None.</p> <p>9 ANY OTHER URGENT BUSINESS</p> <p>None.</p> <p>10 DATE OF NEXT MEETING</p> <p>Thursday 18th June 2015.</p> <p>Meeting closed at 8.05pm.</p> <p> FAP Mins 30-04-15 ActionSht.doc</p>	<p>AE</p>
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