Minutes of the meeting of Finance Committee
Sandye Place Academy held on
6th July 2017
at 6.00pm

Present
Mr M Sale (Chair of Finance Committee), Mrs K McCamley, Mrs S Kane, Mr S Fox, Mr T Rowland, Mr T Stonehouse and Mr K James

Meeting opened at 6.00pm and Mr Sale welcomed those present. Mr Greener chaired the first part of the meeting

Item	Action
1. Apologies for Absence Apologies were accepted for Andy Fielding and Malcolm Riches 2. **Agree Minutes of last Meeting** **2.1.** The minutes of the meeting held on 17 March 2017, copies of which had been previously distributed, and were **confirmed as an accurate record of the meeting** 2.2. The minutes, **were agreed and accepted by those present.** **3. Matters Arising** 3.1. Roofing Project, covered under section 6 of these minutes **4. Policies** **4.1.** The following were discussed in detail and reviewed by the finance sub committee 4.1.1. Finance Manual update: The manual was updated following the interim audit recommendations regarding petty cash. 4.1.2. The Value for Money Statement was updated to reflect 2016/17 expenditure. 4.1.3. There have been no changes to charging and admissions policies 4.1.4. The Lettings policy has been updated in line with the Prevent duties as advised by Central Bedfordshire Council and are attached to these minutes. 4.1.5. The policies were **reviewed and accepted by those present** and will now be sent to the Clerk for the FGB. 4.2. Letting charges were reviewed. All agreed fees that the Academy operates, such as Jazzercise and Vision Theatre will remain the same, 4.3. SK and DG will confirm costs to our customers. **4.4.** School meal prices were reviewed and it was agreed to maintain the £2.00 per meal. However we will review this next year in line with inflation and communicate the prices for dinners to our parents and the lower schools will remain at £1.90 per child for paying parents.	

Item	Action
5. Kitchen Cash flow	
5.1. SK presented a report of the confirmation of kitchen cashflow as per the attached reports.	
5.2. The attached reports highlight this in more detail. At the end of the annual year SK will analyse the money generated from each lower school.	
5.3. Overall the cashflow shows a surplus of £18K.	
5.4. St Swithun's and Laburnum will sign the catering contracts for one more additional year and therefore we will make Casey Sharp permanent. Maple Tree will have a 3 year contract.	**SK**
5.5. Meal numbers, highlighted in the attached reports were discussed. Helen has produced a new menu in an effort to increase uptake. Maple Tree is the highest performing school and Kim believes that this is because staff now eat lunch with the pupils. SPA are up by 3.3% and UIFSM uptake MT: 73.33%, LB: 62.29% and STW: 70.92%	
5.6. The attached spread sheets were **agreed and accepted by those present**.	

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5.7. **Finance report** presented by Sharon Kane, she explained her Finance Report with confirmation of the Qtr 3 position. It was confirmed that income was 74% and revenue expenditure was 72% based on the reforecast budget presented by SK. This is the position we were in last year so we remain on target.

5.8. The BRFO (Budget Return Forecast Outturn was completed to March 2017 and predicted at that point for April to August. The reforecast has been undertaken in all areas and has increased the in year deficit to £249K. SK is hopeful that this can be reduced further during the coming months and savings made where at all possible. If we can do without resources that don't impact negatively on the pupils then we must take advantage of savings. A number of assumptions have been made therefore we can improve on this to carry forward more than the £166k excluding the salix balance used for budget purpose, reported in the BRFO.

5.9. Capital funding grant has been accrued for our Main School Roofing Project of £423K, fully accrued for in last year's accounts and a comprehensive report on the capital expenditure is attached. Expenditure is 96% with retentions to be spent. In a separate meeting from finance, with members, MS had raised his concerns, following a report from SK in late December 2016 that there were a number of issues with the roof project and that this would mean a potential overspend. This was reported to members following a meeting with Jason Ward. This was not recorded in the finance minutes but presented to the Auditors at one of their interim visits.

Jason Ward outlines the reasons for the delay and explains the terms of the contract as follows:

Firstly, the reason for the delay stems from the condition of the structure to roof 3 that was only discovered following the removal of the surface finishes. During the preparation of the bid for the works, we took core samples through the roof to establish the build-up and the condition of the waterproofing elements. Whilst it did record the presence of a screed, it did not show it in the condition that we discovered it upon removal of the finishes.

Whilst removing the numerous layers of old felt and insulation, the in-situ applied screed over the wood wool slabs was exposed. During this process the screed was found to be friable in areas and simply breaking up exposing the wood wool slabs below. This unfortunately left a sub-base that was not suitable for the application of the insulation, and more importantly, a structure that was considered by our engineers as being fragile.

It is this fragile roof status that has led to the requirement for the propping to be applied to allow works to continue. The solution to get over the problem with the screed was to overboard so as to spread the loads across the woodwool slabs whilst providing a suitable sub-base to apply the roof insulation and finishes.

Unfortunately the discovery of this problem and the subsequent additional work required could not have been predicted, and as such will lead to the project taking longer than originally anticipated.

It is the duty of the contractor to use his best endeavours to mitigate this delay wherever possible, and this was stressed to SDC at the meeting. The delay does have a financial impact, as it does cost the contractor to have a presence on site in items such as labour, plant and accommodation etc. This is laid out in the preliminaries of the contract and can be defined as a weekly figure.

Under the terms of the contract, there are clauses that cater for this scenario dependent upon whether the delay is the fault of the contractor through not proceeding diligently with the works, or whether it is an unexpected item such as this.

If the overrun is the fault of the contractor, then there are mechanisms under the contract to recoup costs that you may incur through the increased contract duration, and these are known as liquidated and ascertained damages.

If the overrun is considered unforeseen, then the contractor is entitled to costs associated with the longer contract duration, and this usual comes in the form of a loss and expense claim and will need to be applied for under an extension of time application. We have only received notification of the potential delay at the last meeting, and it is difficult to make an assessment on this alone. Clearly we will need a more detailed application for an extension of time justifying the reasons and timescales in order to establish whether they are due an extension of time.

In the meantime, SDC will continue to attempt to reduce any delay and will keep us updated on how matters proceed.

A final cost report has been received which shows a £15k overspend, however it does include £13K of ICT rewiring that is client direct items not relating to the roofing bid, but linked to the roofing project. Phone cables were damaged and this cost the Academy circa £3k to reinstate cables that are very old and worn. Sumita Harris is looking at a phone solution next year in order to accommodate our communication systems.

Jason reports on the final costing as follows:

From the report you will note that we are currently reporting a potential overspend of c£15,000, the reasons for which I will explain below.

The principal reason for the overspend stems from the delay in the roofing works, notably to roofs 1 and 3.

As outlined to you previously, we discovered that upon stripping the roof the screed covering had broken up numerous areas exposing the woodwool slabs below. This unfortunately left a sub-base that was not suitable for the application of the insulation, and more importantly, a structure that was considered by our engineers as being fragile. It is this fragile roof status that has led to the requirement for the propping to be applied to allow works to continue. The solution to get over the problem with the screed was to overboard so as to spread the loads across the woodwool slabs whilst providing a suitable sub-base to apply the roof insulation and finishes.

This was a health and safety issue primarily and could not be avoided.

The costs included within the cost report allow for the additional materials necessary for this, as well as prolongation costs from the contractor for the time it has taken to carry out these extra works. The delay does have a financial impact, as it does cost the contractor to have a presence on site in items such as labour, plant and accommodation etc. This is laid out in the preliminaries of the contract and can be defined as a weekly figure.

Under the terms of the contract, there are clauses that cater for this scenario dependent upon whether the delay is the fault of the contractor through not proceeding diligently with the works, or whether it is an unexpected item such as this.

If the overrun is considered unforeseen, then the contractor is entitled to costs associated with the longer contract duration, and this usually comes in the form of a loss and expense claim and will need to be applied for under an extension of time application that we have now received. We are still discussing the position with SDC, although the cost report does reflect the current extension of time application and the likely final account figure.

5.10. The attached reports and spreadsheets were **agreed and accepted by those present**.

6. Trading Company

6.1. Income is 78% and expenditure is 72% due to the fact that the summer camp wages are yet to be paid.
6.2. The predicted surplus that can be gifted back will be circa £36k, however we have only budgeted for £30K in the main accounts for any unforeseen issues.
6.3. Wrap Around Care has been considered in the 2017/18 budget which is attached to the reports.
6.4. The attached reports and spreadsheets were **agreed and accepted by those present.**

Item	Action

7. Budget

7.1. SK presented the budget reports showing planned income and expenditure.

7.2. Attached to these minutes is the comprehensive budget commentary that was discussed at the meeting.

7.3. Teaching staff costs remain the highest. We have predicted 1% increase next year however since the meeting we have been advised that there is a 2% increase for Main 1 and Main 6. It is up to the pay committee to decide if we apply the 2% to Main 2-5. 1% is the agreement for all other scales. SK will present the difference for the pay committee to consider and a reforecast in Qtr 1 of 17/18 will be undertaken.

7.4. The main point to note on the Budget Forecast Return is that staffing has decreased by£100k due to taking advantage of natural waste however our staffing budget does still remain higher than the recommendation of 80%.

7.5. Key performance indicators were agreed as follows:

Key Performance Indicators	2017 - 18
Total Staff Costs (£)	2,000,611
Total Staff Costs to EFA Revenue Income (%)	89%
Total Staff Costs to Total Income (%)	83%
Total Staff Costs as Proportion of Total Expense (%)	81%
FTE Teaching Staff	27.3
FTE Support Staff	30.7
Total FTE	58
Total Pupil Numbers by Lagged Pupil Numbers	499
Pupil Teacher Ratio as per Lagged Pupil Numbers	18.28
Average Teacher Cost (£)	47,031
Proportion of budget spent on the Leadership team (%)	11%
Spend per pupil for non-pay expenditure lines (£)	934.38

7.6. Staff % is over the expected % of 80% despite many high staff salaries leaving, this will need careful consideration by the GB over the coming months on how to reduce this figure going forward. This is particularly important with falling roll next year and our budget will be severely affected by this, immediate action will be required to sustain our budget over the coming years.

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7.7. Due to the many uncertainties Governors have agreed that no suppliers or major contracts be changed.

7.8. SK explained that the three year deal with SAS is complete; however she has been able to secure a price for staff absence again from SAS, given that a long term absence which would not be covered by another company, moreover the other companies do not offer the staff wellbeing package that we have with SAS. Governors acknowledged that a tender process was not carried out due to the above, and have agreed that SAS remain as our insurer for another year at the least. **SK**

7.9. The auditors, personnel providers and legal representatives were discussed and it was agreed that all remain in place and no tender process be undertaken until the future direction of the Academy is known.

7.10. The three year plan was presented and shows a deficit in year 3 if we continue to operate with the same level of staff. Pay Committee will need to consider the budget when considering the pay reviews and equally it should be noted that a restructure of staff may be required going forward. It is a priority and a requirement to monitor staff levels on an on-going basis to ensure affordability.

7.11. The budget was set based on a predicted b/fwd. figure, including capital and salix loan used for budget purpose of £208K. As noted above we do anticipate improving on this figure, however staff absence costs have impacted on the budget this year and the supply budget E26 shows significant spend, offset by the income from staff absence insurance. Income is overall predict at £2,411with expenditure predicted at £2,500K

7.12. The predict carry forward for revenue for 17.18 is £159K using up year surplus, year 2 shows a £25k surplus with predicted changes in SLT to ensure this is achieved.

7.13. Discussion took place surrounding this figure and it was agreed and accepted by those present that the Government have left us little choice but to use our reserves. As last year, Pupil funding is reducing in real terms with pensions and NI changes. Research shows that most schools are using the reserves to balance the books so we are not isolated in this regard.

7.14. Predicted Pupil numbers for 2017 census are 473 at time of budget.

7.15. The budget plan and reports **were agreed and accepted by those present**.

8. Dates for Future Meetings:

8.1. .*Qtr4* ***4th October 2017***

9. **AOB**

9.1. The auditor Peter Wass has stated that he Governors must review the risk register at each meeting going forward and that this document remains the responsibility of the GB and must be led by them to identify and mitigate risks.

9.2. SK raised concerns that with the resignation of Mike Sale, there is a lack of financial expertise on the GB. We have 3 vacancies and it was agreed that when recruiting for governors that we specifically look for a governor who is an accountant or has significant financial experience. It was noted that this may be difficult to achieve.

9.3. Thanks for given to Mike Sale for all his hard work and endeavours over the years.

Meeting closed at 7.30pm