

MILLTHORPE SCHOOL

MINUTES OF THE FINANCE & STAFFING COMMITTEE MEETING

Held on Thursday 14th November 2013 at 6pm



Present: Mr Trevor Burton (Headteacher) Mr Bob Sydes
Mr Tim Hooper (Chair) Ms Helen Thomas
Mr Bill Schofield

In Attendance: Mr Alex Collins (School Business Manager)
Mrs Sheila Sweeting (Bursar)
Mr Martyn Pysanczyn (Prospective Community Governor)
Miss Amy White (Clerk)

		Action
1.	<p>Apologies for Absence & Declarations of Interests Everyone was welcomed to the meeting and Martyn Pysanczyn was introduced. Governors were informed that Martyn was a prospective community governor who would be observing the meeting.</p> <p>Apologies for absence were received from Eileen Robertson and Tim Moat. There were no declarations of interest.</p>	
2.	<p>Election of Committee Chair Tim Hooper was nominated for the position of Chair Proposed: Bob Sydes Seconded: Bill Schofield Approved: Unanimously</p>	
3.	<p>Minutes of the previous meeting held on 18th June 2013 <i>(previously distributed)</i> The minute were agreed as a true and accurate record of the meeting and were signed by the Chair.</p> <p>Minutes from the extra-ordinary meeting held on 18th September 2013 <i>(previously distributed)</i> The Chair explained that the meeting had been called to discuss the proposal to purchase the services of Steve Wells Associates (SWA) to conduct a sports feasibility study. The Chair outline the proposal as recorded within the minutes. Governors were made aware that Tim Moat and Cllr. Dave Merrett would be the governor links to the study.</p> <p>Alex Collins (School Business Manager) explained that due to current workload of SWA it was unlikely that the study would start before January 2014. Considering fees, governors were informed that the overall fee would be paid in stages throughout the study.</p> <p>The Chair reported that the Pay Policy had also been discussed during the meeting and an overview of the changes was provided. The Chair stated that despite the changes, the committee had felt the process would not be too dissimilar to previous years. The Headteacher noted that following the changes, applications to cross the threshold to the Upper Pay Scale (UPS) had been received from teachers who were not on M6 (top of Main Pay Scale).</p> <p>A governor highlighted that the Headteacher had prepared a summary report and the minutes should be amended to reflect this. It was also noted that Bob Sydes had attended the meeting but was in the attendance list.</p> <p>The Chair stressed that governors needed to closely monitor the appraisal and pay process to ensure the system was fair for all staff and did not impact on staff morale. The Headteacher noted that regardless of what other schools were doing, governors now had the right to withhold a pay increment.</p> <p>Governors noted that the Pay Committee would receive all recommendations of no increment, all senior leadership pay recommendations and a further 10% sample. The Headteacher's Performance Management Panel would also report to the Pay Committee.</p>	Amend

	<p>It was confirmed that the membership of the Pay Committee was Helen Thomas, Tim Hooper and Tim Moat. It was suggested that an additional member should be appointed in case a member of the Committee was unavailable.</p> <p>Governors agreed that the Pay Committee would meet on 18th December 2013 at 3pm.</p> <p>Governors asked for the minutes to be amended as noted above.</p>	Clerk
4.	<p>Matters Arising With reference to the Action Plan all actions had been completed.</p>	
5.	<p>Budget Monitoring (<i>previously distributed</i>) Before reviewing the Monitoring Report, governors were advised of substantial changes to the budget that had resulted in a deficit.</p> <p>The Chair reported that since the initial review of the 2013/14 Budget it had come to light that £100,000 would be retained by the LA as de-delegated budget. This £100k reduction had resulted in a challenging deficit and the Chair and Bob Sydes (Chair of Governing Body) had met with the LA to discuss the de-delegation and budget error. Further discussions had then taken place regarding how the school would move forward with the deficit. Governors acknowledged that the Chair had contacted them to explain the situation and they confirmed that they understood how the deficit had occurred.</p> <p>Alex Collins tabled a report on “Tackling the Budget Deficit” which included graphs projecting the income, surplus and deficit over the next five years.</p> <p>Alex reported that the school had approached the LA to license the deficit and this was a due process and had various benefits. If the deficit had been identified at the beginning of the year the school would have made a license application to the LA for consideration. As part of the license, the school needed to identify how it would bring the accounts into credit within three years. This would be the most significant factor when making decisions over the next few years and the Revised Budget had been devised to bring the school into credit.</p> <p>Governors were made aware that the assumptions within the report were subject to considerable fluctuation. Changes to funding formula made income uncertain for the following year and future years.</p> <p>Governors were informed that a reduction in teaching staff expenditure was necessary to reflect the reduction in pupil numbers. Alex explained that the aim was to avoid a restructure or redundancy by considering natural turnover and planning the curriculum and timetable with a view to reduce deficit. Considering natural turnover, it was highlighted that this was a factor that the school did not have control over. It was also noted that the budget needed to be signed off in April but staff had until 31st May to submit a resignation.</p> <p>Alex directed governors to the first graph within the tabled document that showed the Projected Income Fluctuation 2013-18. Alex explained that a teaching staff restructure had taken place a few years previous but due to income fluctuations and increasing pupil numbers this did not seem to be a sensible approach. Adjustments would need to be made on a year-on-year basis in order to meet demands. Alex highlighted that an income fall had been anticipated for 2014/15 but it was hoped that the funding formula changes would be positive for the school.</p> <p>Governors reviewed the table and asked what was meant by ‘Reduced de-delegation, (shown in purple on the graph)’. Alex explained that part of the expenditure that had not been accounted for during the 2013/14 budget had been a contingency fund to support a school closure. This contingency would only be paid for one more year at the cost of approximately £50,000 and would then be reduced expenditure.</p> <p>Considering the second graph, Projected Income 2013-18 (Full Axis), governors were advised that it showed the same data as the first graph but in comparison to the income as a whole. Alex highlighted that income would not significantly fluctuate over the next five years.</p> <p>Governors were advised that pupil number assumptions were based on 190 students joining in September 2014 and this intake would determine the income for 2015/16 and not 2014/15. The Headteacher added that there was a small Year 11 leaving and a large Year 7 joining. The actual figures would not be known until February but the first choice preferences had been circulated.</p>	

The Headteacher highlighted that 161 students had identified Millthorpe as their first choice and this was 25 up on the previous year. Governors agreed that this was very positive information.

The Headteacher made governors aware that Alex had created the budget plan based on LA projected figures and had been quite conservative. Governors considered pupil number and it was noted that Higher Education establishments were penalised if they were above or below their student admission limit. The Headteacher explained that if there was a surplus within schools the admissions would be chosen and unsuccessful students could appeal. The LA could grant a place if they felt there was sufficient space within the school to accept a student above the admission level.

It was clarified by the Headteacher that the funding for April 2014 financial year was based on the census that had taken place in October 2013. Schools were therefore funded on actual pupil numbers but this funding was delayed.

Governor reviewed the graph showing the **Projected Deficit/Surplus 2013-18** and noted that by 2015/16 the school needed to be in credit. The In Year and Cumulative figures were displayed on the graph and Alex highlighted that in the current year there was an In Year deficit of over £100,000. The Cumulative deficit was slightly less due to the surplus from the previous year. By controlling expenditure, Alex explained that the school hoped to achieve an In Year surplus in 2014/15 and reduce the Cumulative deficit by about half.

To achieve the projected deficit and surplus within the graph, governors were advised that it was the equivalent of losing one full time equivalent (FTE) teacher between 2014/15 and 2015/16. Alex explained that this might not translate to losing one member of staff but could be achieved by, for example, reducing hours. The cumulative effect would therefore be the equivalent of one member of staff. Governors noted that this reduction would bring the school into credit by approximately £30,000 in 2015/16.

The Headteacher stated that the school would receive an additional £450,000 every year if it received the national median funding of £5,600 per pupil. The actual amount received was considerably less but would improve slightly following the new funding formula. However, the £5,600 per pupil was not expected. The Headteacher then said that he was reluctant to make major reduction in staffing.

The Headteacher was asked if he was happy with the information presented within the graphs. The Headteacher replied that given the assumptions he was confident that the graphs were correct. However, caution was needed due to the significant amount of uncertainty with funding in future years.

A governor raised a concern that the approach to the deficit was 'front loaded' with a lot of reduction taking place in the first year. It was suggested that as the license was for three years the school could 'back load' the action. The Headteacher acknowledged the comment and explained that if action was taken early the school would make a larger saving over the three years. He then explained that when the curriculum had been reviewed there had been definite saving that could be made that would make little impact to the teachers or the curriculum.

Governors considered the changes to teachers' pay and the turn over of staff. The Chair said that the reality of the situation was that schools could recruit on lower levels of pay and this could impact on movability of teachers between schools.

In response to a question regarding other schools, the Headteacher reported that a number of secondary schools had a deficit budget and a license from the beginning of the year. In general there were difficulties across secondary schools and the Headteacher felt these would move to primary schools also.

The Chair reported that he had asked the Headteacher if there would have been any substantial changes in the budget if the deficit had been a known factor. In response to this question, the Headteacher had said that the deficit would have been very similar and the same decisions would have been made. Bob Sydes (Chair of Governors) clarified that this was in relation to the changes to the Senior Leadership Team (SLT).

Governors discussed the impact of the deficit on teachers/hours and it was expressed that it would be positive to see the impact of the rise in pupil numbers as a way to address the deficit.

A governor commented that it could be a risk to 'back load' and wait for pupil numbers to increase in order to address the deficit. The governor also highlighted that to be successful with the license there would need to be a 'front loaded' plan. Alex confirmed that an impact in the first year was expected. Alex made governors aware that plans needed to be properly coordinated to ensure that there was as little impact as possible on the educational experience of the students.

Governors acknowledged the remaining graphs in the tabled document and focused on the final graph; **Meeting the Income Shortfall 2014-15**. Alex outlined the information within the graph, which showed current expenditure and next year's income/savings, The colour coding was also explained.

With reference to Reduced Overheads, Alex explained that this represented all savings outside of teaching. He noted that the IT hardware had produced excellent results over the last 18 months and expenditure in this area could now be reduced. The contract for IT would continue but this expenditure was less than the cost of employing a Network Manager. Alex made governors aware that the saving was compared to the current year in which the school had employed a network manager for half the year. A governor asked if the hardware had been purchased using the Capital Budget. Sheila Sweeting (Bursar) explained that the expenditure for the current year had been mostly Revenue as there was insufficient Capital income to cover this kind of expenditure.

Alex highlighted the Reduced Teaching Costs (i) and explained that this was the expected reductions from natural wastage (retirement and reduction in hours). The Reduced Teaching Costs (ii) on the graph represented the savings made from additional action to make teaching more affordable. Governors were advised that this information was still unknown as there was no certainty regarding the number of resignation or agreements to reduced hours.

The Chair highlighted that due to the number of fixed costs, the £100,000 saving would be difficult to make and it was important to protect teachers as much as possible. It was agreed that the expenditure, savings and budget would be carefully monitored.

Monitoring Report (previously distributed)

The Chair highlighted that the largest risk factor within the budget was the decision not to buy into a teacher absence insurance scheme. A governor asked if the school expected the level of absence to be higher than in previous years. The Headteacher replied that absence fluctuated and highlighted that a contingency of £45,000 had been included in the budget (E11) and there was currently an expected outturn of £39,708.

Questions and comments were invited.

With reference to the column showing the percentage of the budget spent, it was clarified that 100% expenditure was due to upfront costs.

A governor asked for clarification of the expenditure for *E27 Bought in Curriculum Service* and *E28 Bought in Professional Services*.

Sheila Sweeting explained that E27 included training development costs for pupils going to Danesgate Centre and York College. With reference to the variance of (£73,887), Sheila explained that this was due to de-delegation of a Theatre Group fee and there was £20,000 income under *103 Delegated by LEA* to balance to expenditure.

With reference to *E09 Staff Development and Training*, a concern was raised that 99% of the budget had already been spent and this could have a negative impact on training throughout the rest of the year. The Headteacher explained that expenditure was for the SLT to be members of Partners in Excellence (PiXL). The Headteacher further explained that he did not feel there were effective teacher courses offered externally and as a result the focus was on internal training, mentoring and guidance. The SLT's involvement in PiXL supported this internal work.

In response to a question relating to lead teachers, Alex explained that the school had subscribed to a package of training from the LA for Heads of Department (HoD). This training had been paid for upfront but would be delivered throughout the year.

A request was made to include a separate line in the budget identifying the Pupil Premium (PP) funding in order to help governors with their monitoring responsibilities. It was clarified that the Pupil Premium funding was £159,000 and this was shown under *105 Standard Funds*. The Headteacher acknowledged the priority to close the gap between PP and non-PP students and

	<p>made governors aware that Don Henson was the named PP governor and Richard Newton closely monitored PP as part of his link role.</p> <p>Governors asked if there were any concerns regarding energy expenditure; <i>E16 variance (£10,062)</i>. The Chair reported that he had met Alex and reviewed energy in a lot of detail and felt confident that it was being closely monitored. Alex then explained that the new boiler had been installed in February 2013 and a comparison between two winters was therefore not possible. Governors were advised that the tariff had not risen but there was a risk that the price per unit would increase. Alex reported that he had spoken to the LA and they were constantly seeking the best tariff and the school was receiving a good price.</p> <p>Governors noted the Summary Financial Statement that had been previously distributed.</p>	
6.	<p>Revised Budget Report (<i>previously distributed</i>)</p> <p>The Revised Budget and summary notes had been circulated prior to the meeting and were noted. Governors acknowledged that information had been discussed under Item 5 and there were no further questions.</p> <ul style="list-style-type: none"> ▪ Governors unanimously approved the Revised Budget and it was signed by Bob Sydes, Chair of Governors. 	
7.	<p>School Fund (<i>previously distributed</i>)</p> <p>The School Fund report had been circulated prior to the meeting and was noted. Sheila Sweeting highlighted the refund of £47 per pupil for the German trip. Sheila also noted that the Shetland trip had been cancelled but the Iceland trip linked to the Geography course was still going ahead.</p>	
8.	<p>Schools Financial Value Standard (SFVS) (<i>previously distributed</i>)</p> <p>Governors reviewed the SFVS and noted that all questions had been answered 'Yes' except question 6 and question 23 which were 'In Part'. These points were discussed as below:</p> <p><i>Question 6: Does the school have access to an adequate level of financial expertise, including when specialist finance staff are absent, eg on sick leave?</i></p> <p>Sheila Sweeting clarified that this question was answered 'In Part' as the LA could provide basis cover to the school during absence of finance staff.</p> <p><i>Question 23: Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance?</i></p> <p>Alex Collins reported that this question was answered 'In Part' as there was further work that could be carried out. Governors discussed the expertise and contingencies within the LA and noted the potential impact following the LA changes/restructure.</p> <ul style="list-style-type: none"> ▪ Governors unanimously agreed the SFVS and it was signed 	
9.	<p>Structure of the Senior Leadership Team (<i>previously distributed</i>)</p> <p>The Headteacher outlined a proposal to alter the current structure of the Senior Leadership Team. A confidential discussion was held and recorded separately.</p> <p>Following this discussion it was agreed that a proposal would be taken to staff for consultation and then presented at the Full Governing Body meeting on 12th December.</p>	
10.	<p>School Improvement Plan (SIP) Actions (<i>previously distributed</i>)</p> <p>Governors were informed that before their performance management review, every member of the teaching staff had received a list of observations and how they had performed with their class. The Headteacher reported that during the spring term he would provide governors with lesson observation grades for the last three years and highlight areas of improvement.</p> <p>It was acknowledged that in the summer term there would be an opportunity to review <i>SP4.d: We will review the performance management and teacher pay policies and procedures to ensure they meet upcoming national requirement yet still motivate staff and promote improved teaching.</i></p>	<p>Agenda</p> <p>Agenda</p>
11.	<p>Allocation of Governors to sections of the SIP</p> <p>The Chair reported that the school was keen for all governors to visit at least once per year.</p>	

	_____ Mr Tim Hooper Chair of Finance & Staffing Committee	_____ Date Signed
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**Action Plan following the Meeting of the Finance Committee Meeting
Held on Thursday 14th November 2013**

	Action	Agenda	Person	Date
1.	Amend Ex-Ordinary minutes from 18 th September 2013	3	Clerk	asap
2.	Contact Sarah Barbacane and Nicki Mitchell regarding link to SP1	11	Helen Thomas	Asap
3.	Provide feedback on Terms of Reference	12.1	Governors	Prior to FGB on 12 th December

Items for Future Meetings:

- SIP Actions (standing item)
- Minutes from the Extra-Ordinary meeting on 18th September
- Lesson Observation grading – Spring Term
- Review of SP4 – Summer Term