

BOARD OF TRUSTEES – FINANCE COMMITTEE

Minutes of the meeting held at 5.00pm on 19 June 2017

Present: C Higgins, Vice Chair J Wakelam
C Ridgeon A Whittaker, Principal
N Savvas, Chief Executive

In Attendance: S Jones, Chief Financial Officer
C Bundy, Finance Manager, One Academy
J Bridges, Clerk to the Trustees

Action

1 Declaration of Interests

Trustees confirmed that they had no conflicts of interest to declare in relation to the items of the agenda.

2 Apologies for absence

Apologies for absence were received from E D'Souza, Committee Chair and I Morgan. In the absence of the Chair and Vice Chair at the beginning of the meeting, C Ridgeon chaired the meeting until item 5. The chair was assumed by the Vice Chair, C Higgins, upon his delayed arrival.

3 Minutes of the meeting held on 2 March 2017

The minutes of the meeting were agreed as a correct record subject to the amendments discussed under item 8, Any other business.

4 Matters Arising

The matters arising from the meeting were summarised in the report and all actions reported had either been completed or, where appropriate an update had been provided on progress elsewhere on the agenda.

5 Finance Report and KPIs

The CFO confirmed a consistent and favourable financial position as at the end of May 2017 as it was noted that the report received by the Committee represented the position as at the end of April 2017, which shows the operational forecast is a surplus of £299,037, which is £144K better than budget. This is £72K less than the previous report to the Committee due to the decision to invest additional surplus arising from delays in refilling staff vacancies in the building and ICT infrastructure.

The General Grant continues to be received as expected.

During April, monies have been received for Free School Meals and the Discretionary Bursary, in both cases the money received was higher than the original budget. The £23K underspend in the year for the Free School Meals will need to be carried forward into the new financial year.

Other Central Grants for the sum of £30K received for the Bury St Edmunds Sixth Form remains unchanged.

During April Element 3 SEN top up has been received for the Foundation Learning Students. The top up for Level 2/3 students will be received in May, which is later than expected and is the reason for the YTD figure showing a deficit for the period.

The yearend forecast has been based on the actuals received for the autumn and spring so expected income is £9K less than budget from Suffolk County Council, which was lower than expected.

The YTD positive performance against budget for Other Non-Government Income is due to income being received at higher levels or an earlier period than profiled, especially in relation to lettings. The full year forecast has increased by £9.5K since the last period and is mainly due to additional income being received for the One bus, some of which will be offset by additional spend.

Teaching staff YTD position shows a higher surplus than period 7. There were some contract changes around maternity leave returned in period 8, which has again slightly increased the savings. As mentioned above the savings in these staffing lines have allowed for investment into ICT resources for the College.

Indirect Employee Expenses continue to show a saving YTD. This is the money put aside to self-insure for staff absence and has not been called upon. In line with the decision to invest in ICT, it has been agreed that this will now be spent on resources for the College and this is reflected in the full year forecast.

Staff Development shows a saving for the period but assumes a fully discharged budget for the financial year. The premises YTD figure shows as overspent due to work being done on the building earlier than budgeted. The full year forecast assumes the building budget will be fully discharged and the savings shown include receipt of £6K from OfGem along with the budget for the rent, which now sits as a liability on the balance sheet. Non-educational supplies and services YTD show a £35K surplus and there are still areas such as admin supplies where spend is later than profiled. Other costs show an over spend compared to the budget for the period, this continues to be due to students purchasing laptops at a higher rate than profiled at the beginning of the year. The forecast remains that it will be on budget.

At the end of the period, the current bank balance amounted to a total of £944K with an additional £900K on deposit. The high balance remains due to financial performance in 2015/16, controlled spend against budget allocations, creditors and monies that have not yet been spent such as deposit monies and bursary balances.

At this point in the year, it is expected that the Academy will perform better than budget and meet its liabilities.

C Higgins joined the meeting at 5.15pm and assumed the role as Chair.

A question was asked concerning the investment policy of the Academy. There is £900K on deposit currently but no long-term investment plans have been determined at this time other than the reserves policy (to aim for reserves of one months' expenditure as advised by auditors). Our forecast free reserves are currently £600K against the £800K one months' expenditure target. The CFO and Finance Manager are reviewing the rates available and are taking the investment opportunities as they arise and it was suggested that the Committee revisits its investment policy at the point of production and approval of the financial statements and annual accounts later in the calendar year.

6 Draft Budget 2017/18

A detailed and consultative budget process has been undertaken this year, which has informed the production of the draft budget. The budget now reflects the

discussions held at the last meeting of the Committee but an additional spend of £6K for Specialist Learning Support Assistants has been included, which has been offset by some minor amendments within the directorates resulting in total net additional spend of £3,884. The result is a slightly reduced surplus budget of £104K before the property rental of £80K.

In relation to the non-pay element of the budget, holders have submitted their requirements for the 2017/18 academic year, in some cases the requirement for Educational Supplies and Services spend has increased due to changes in specifications.

Key assumptions in the budget about the General Annual Grant statement received from the EFA are made up of the following elements; £8,167,282 Sixth Form funding based on the student numbers enrolled as at census date in October, that of 1894. This is an increase of £119K from the previous year; £480K High Needs Allocation Element 2 at £6K a year for 80 places; £247K School Budget Share (reducing over the next 3 years at a rate of 25% each year, this is the first year of that reduction at a value of £82K); and £58K Education Services Grant has been received at a significantly reduced rate compared to 2016/17, a reduction of £87K. The total value received is just over £8.9m, which is a decrease of 0.52% from last year.

Other EFA Grants assume an increase of 0.19% from last year and this is mainly for Rates Relief and Free School monies. The income is restricted and has direct spend against it.

The Other Central Government Grants line represents the income for the Bury St Edmunds Sixth Form. There will be a deferred income entry with corresponding spend at the year-end.

Other Non-Central Government Grants is for Top Up funding (Element 3) received for High Needs. The budget is for expected income from Suffolk County Council and has been based on the reduced actuals received in the previous year. The 2017/18 budget also does not allow for any receipts from Essex County Council, this category shows a percentage decrease of 12.31%.

Compared with the 2016/17 forecast outturn Other Non-Government Income is a reduction of 16.90%. All of this income is unrestricted; the majority of it has corresponding spend such as sales to students, trips and exam fees. There are some unrestricted lines such as car parking and lettings, which can be used towards the overall, spend of the Academy. The net effect of the above is a reduced income of 1.86%. It was noted that due to the IR35 legislation the music tutors will now deal directly with the students and so the income and corresponding spend has been removed from this budget.

Staff costs overall show an increase of 3.76%. Assumptions include a 1% inflationary pay increase; increased NI and pension contributions; and incremental pay awards where applicable.

Indirect Employee Expenses shows a decrease of 57.95% against the 2016/17 budget. This is due to the staff absence insurance budget of £50K now being under the teaching supply line.

Indirect Employee Expenses also includes the Levy payment.

Overall, the non-pay budget shows an increase in spend of 0.58% compared to the previous year forecast outturn. Total expenditure has increased by 2.78% from the previous year outturn. A sum of £46K from Devolved Formula Capital will be expected.

The Committee recognised that the staffing budget was 'worst-case' and included maximum possible spend assuming all posts filled at the appropriate level. The Committee recognised, however, that there would be a churn/recruitment savings against this budget (for example, some posts being vacant for a period until refilled; not all staff winning the anticipated advancements), and thus likely to contribute to the surplus. The Committee asked that it be made clear that any savings which may arise in the staffing line were because of a maximum possible spend forecast rather than through additionally squeezing the staffing structure of the Academy - the budget includes enough funding for 100% agreed staffing levels should this be achievable.

It was noted that the budget was reflective of the financial performance of Suffolk One and not reflective of a budget for Suffolk Academies Trust as it moves towards being a multi academy trust with potential improved effectiveness through sharing services between Academies and with West Suffolk College. It was noted that it is premature to produce a Trust budget at this time but the CFO will work toward producing a draft Trust Budget for the next meeting of the Committee in the new academic year.

SJones

The Committee **approved** the draft Budget and will put forward a recommendation to the Trust Board at the meeting to be held on 4 July 2017.

7 Estates Update

The Priority 3 IT equipment has been ordered, as approved by the Committee at the last meeting, and the Priority 4 equipment identified has been reserved for procurement.

A recent health and safety audit has identified some improvement areas to the circulation/flush of water around the building to eradicate the potential for Legionella.

Other investment has also been made in general maintenance to redecorate a number of areas in need of general refurbishment.

8 Any other business

The Chair asked the Clerk to amend the minutes of the meeting held on 23 May 2017 to explicitly express that savings in staffing costs had been achieved primarily because the budget was set as worst case and savings had been made because of unfilled vacancies resulting from staff turnover. With the agreement of the Committee, the Vice Chair will put forward suggested amendments to the minutes with the Clerk outside of the meeting.

JBridges

CHiggins

It was noted that Trustees are to be contacted imminently by email by the Project Manager to vote on the name for the new Bury St Edmunds Sixth Form College. A recommendation will then be put to the Trust Board for **approval** at the meeting to be held on 4 July 2017.

It was further noted that the process of interview and review of the performance of the Project Manager has been recorded in the minutes of the meeting held on 23 May 2017 under agenda item 9 of the meeting.

Date of next meeting

Thursday 9 November 2017 at 5.00pm. Suffolk One Board Room.

The meeting closed at 6.00pm