

Finance Committee Minutes

Meeting	Finance Committee	Date	Wednesday, 29 th March 2023
Location	Executive Boardroom, Broadstairs	Time	2pm
Membership	Michael Ashley (MA) – Chair; Graham Razey (GR)		
In Attendance	Tammy Mitchell (CEO), Chris Legg (CFO), Sharon Hollingsworth – Director of Governance (DG), Lara Gill – Note Taker		

	ITEM	COMMENTS	ACTION
1	Welcome and apologies for absence.	The Chair welcomed all to the meeting. No apologies were received.	
2	Declarations of Interest	No new declarations of interest were received.	
3	Minutes of the meeting held 25 January 2023	The previous minutes were agreed as an accurate record and were signed by the Chair.	
4	Matters Arising not covered by this agenda:	No matters arising that are not already on the agenda.	
5	Management Accounts February 2023	<i>Full budget details were shared via the papers prior to the meeting.</i> CFO noted that the Q2 has now been completed and is reported in the management accounts, with a positive position being portrayed. Income is forecasted to be £428,000 ahead of budget	

		<p>due to increases in high needs funding in addition to both one off and ongoing grants provided by the DfE.</p> <p>Pay expenditure is forecasted to be above budget, mainly due to new leadership and teaching posts to accommodate pupil growth as well as the need for using agency staff.</p> <p>Non-pay expenditure was forecasted to be in line with budget however since Q1 this is now forecasted to be significantly ahead of budget by £231,000. This is due to rising utility costs, property maintenance and catering supplies.</p> <p>A Trustee queried if the additional funds for high level needs grants had been considered when reviewing the new pay agreement, with CEO stating that most additional grants were already being spent against. CEO stated that due to the level of deprivation and SEND pupils already within the Trust, with a need for additional support staff, the Trust is already suffering negatively from this. Additional funding would not cover additional support staff although they are a need.</p> <p>A discussion was held around the issues with catering suppliers, with two schools having been out of a catering contract. Chef positions have unable to be fulfilled, despite a range of resources being used to promote vacancies. This has therefore led back to the use of a catering provider. MA queried if catering supplier contract rises had also been an issue with CEO confirming they had. It was also questioned if the free school meals allowance rate was increasing with CFO confirming it was not. Food inflation is rapidly rising and essentially the quality is decreasing.</p> <p>Trustees were informed that as part of the Q2 review, catering reviews were completed with each school. After looking at ways of managing budgets and meeting with the Headteachers, a Trust wide decision had been made. It was decided that due to the families the Trust supports, and the higher levels of deprivation, a hot school meal is critical for the children, therefore costs will essentially be cut elsewhere to accommodate.</p> <p>It was highlighted that income is £259,000 ahead of target so far this year.</p>	
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	<p>Non-pay expenditure is however overspent by £134,000. It was noted that utility price rises are affecting all schools and there has been a month on month overspend on utilities at all Trust schools.</p> <p>CFO highlighted that the fixed assets of the Trust are shown at depreciated value of £26.2million, the vast majority of which is the value of the school buildings. With nearly £2.5million in the bank at the month-end, these cash holdings are now generating material interest income after a long period of very low interest rates. Interest currently stands at approximately £25,000 and is included within the accounts as 'Other Income.' within Trust Central</p> <p>The debtor balance has decreased since the previous year-end to £535,000. This is mainly due to the accrual of the School Improvement Fund capital grant income at the year-end. The net current assets position of the Trust remains strong.</p> <p>The management accounts include a high-level income and expenditure account broken down by school, summarising the in-month, cumulative and annual forecasted and budgeted income, pay and non-pay totals. It was noted that no school is materially worse off than any other although East Stour is currently in the better position.</p> <p>Trustees were informed that no central income has been taken by the Trust for the four founding schools, enabling the schools to invest 4%-5% more than a typical school in their workforce. This being higher than benchmark but in the context of EKC Schools Trust business model is as expected. The current cumulative level of pay costs is 77.8% against a budgeted level of 79.8%, so are well within the expected range. The Q2 re-forecast indicates that the final position will be marginally lower than budget at just 78.7% however still a good place to be.</p> <p>A conversation was held around school growth with CEO noting that Bysing Wood had an in-year growth from 156 pupils to 216 with no additional funding. It was commented that £310,000 in additional funding will be received next year.</p>	
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6	Update on Support Staff Pay Policy	<p>CEO provided an update on the Trust's Support Staff Pay Policy as all support staff have now been transferred vis TUPE to the Trust, on their T&C's and Pay structures from KCC.</p> <p>CEO did express that all schools are extremely committed to changing their support staff pay structure. At the recent Headteachers meeting a newly designed structure was discussed which is based on fixed points for roles. There will be no scales or tiers.</p> <p>It was also commented that different role titles will be used and advertised accordingly.</p> <p>AGREED: CEO to send structure to Trustees for information only.</p>	CEO

		<p>A conversation was held in regard to the salary of £10.42ph for support staff which comes into place from April 1st 2023. CEO stated that all Trust staff currently on a support contract have been written to, to either inform them of their pay rise or state that although they may not be getting a rise this time, the policy is under review, they are all valued staff and those without pay rises received a £50 voucher which has been well received.</p> <p>As well as the increase to the National Living Wage, significant changes have been made via KCC to their banding, pay progression and scales. It was stated that KCC has recently released their pay rates and they are high. £2,000 has been added to every tier in the Kent range, with the lowest range on a salary of £11.04ph.</p> <p>Whilst this will prove challenging for the Trust, as the Trust's base rate will not be that high, it is hopeful by remaining at £10.42ph, redundancies will be minimised.</p> <p>The majority of Trust staff are also local to their site of work and although it is important to not take advantage of this, it is encouraging to know staff are less likely to leave a local job.</p> <p>CEO, CFO and Director of Operations, will be presenting the new structure at the upcoming KMA meeting, with the plan being consulted with unions over the autumn term and once approved the new structure will be in place from January 1, 2024.</p> <p>This will then be backdated to 1 September 2023 in line with the Pay Policy.</p> <p>It was strongly noted that creating professional standards for career progression is pivotal. When CEO has further details following on from the KMA meeting, a full presentation will be presented to the Trust Board.</p> <p>A Trustee queried if the schools were provided with guidance for budgeting. The CEO confirmed that Headteachers were currently working through calculating current staff against new salary points and also gauging which of those they would map across.</p> <p>From this, all schools have seen staffing opportunities before the budget setting process, although some schools may need to restructure. It was also noted that the Group's Finance Team have shared a model with schools to assist with budgeting.</p>	
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7	CiF Bids/Capital update	<p>Due to time constraints this item was briefly covered with the following CiF bids put in place:</p> <ul style="list-style-type: none"> • Bysing Wood Resubmission for heating improvements. • Holywell – Flat Roof • East Stour – Domestic Water • Palm Bay – New gates and fences under safeguarding terms <p>CEO also informed the Committee that each Local Governing Body and Headteachers had requested not to pay the final bills of the current CiF projects as the works had not been completed, although the final bills have been submitted.</p> <p>All agreed for CEO to not sign, and it was felt a review of the contracts signed with CARRE would be beneficial to ensure what the Terms are in this instance.</p> <p>AGREED: CEO to review CARRE contracts.</p>	CEO
8	Confidential item following Trust Board	This item was deemed as confidential and will form Part A Confidential Minutes.	
9	Matters considered confidential.	Item 8.	
10	Any other business	No other business.	
11	Date and time of next meeting: 22 nd June 2023		

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There being no further business the meeting closed at 15.33 pm.

Signed: 

Print: MICHAEL ASHBY.

Date: 22/6/23