

# Minutes of KEVICC Operations Committee Meeting Tuesday 30<sup>th</sup> March 2021, 5pm



*The meeting was held remotely, due to Coronavirus restrictions and Government advice*

**Present:** Michael Young (MY) (Chair), Gillian Healey (GH), Jim Lodge (JL), Jon Rae (JR) and Andrew Waterman (AW).

**In attendance:** Yvette Elliott, Clerk (YE) and Stephen Corline, Business & Finance Director (SC)

Ref.	<b>FOCUS OF MEETING</b> <b>Overseeing the financial performance of the school and ensuring its money is well spent</b>	Actions
1	<b>Welcome &amp; Apologies</b> <ul style="list-style-type: none"> <li>• Apologies, sanctioned by the Committee: Alan Salt (AS), Julian Carnell (JC), Jo Cooke (JCK) and Karen Sewell (KS)</li> <li>• Absent without apology: None</li> <li>• Declarations of interest: None.</li> </ul>	
2	<b>Minutes of Previous Meetings (2<sup>nd</sup> March 2021)</b> Deferred to next meeting	<b>Agenda</b>
3	<b>Draft Budget 2021-22</b> SC informed Governors that the current expectation is a £340,000 carry-forward at the end of 2020-21 (to be confirmed at financial year end). The Budget prediction for 2021-22 shows an in-year surplus of £42,400 which reduces year on year to a £222,200 deficit in the third year as reserves are rapidly depleted.  <i>MY questioned the two sets of Budget papers that were shared ahead of the meeting (December 2020 and April 2021) as they contain different figures. SC stated that the December document was shared to demonstrate that our identified savings have been made since then and the April Budget is the current version for Governor approval, which includes updated DCC income figures etc. Some savings have also been greater than predicted, so there is an improved picture. It was agreed that for future comparison, a written narrative may be better than re-sharing superseded versions of draft Budget papers.</i>  <i>MY checked that he was correct in understanding that as many of the proposed savings have already been secured, the main element being the teaching staff FTE savings, there is little for Governors to consider in the way of further savings? SC confirmed this position is correct as much progress has already been made and the shared figures are now accurate, rather than assumptions.</i>  <i>MY stated that it is important for Governors to see the Budget against comparative figures for the forecast outcome of the last closed year. SC confirmed that as the financial year has not yet closed, this will be shared in time for the 20<sup>th</sup> April Operations Committee meeting where Governors will be asked to make a recommendation to the Board.</i>	

MY asked for confirmation that "Supply teaching staff" and "Agency Supply teaching staff," each at £20k, both apply and that there has not been an inadvertent duplication? SC confirmed that this is correct and not a duplication. Agency staff are paid via an external company and supply is covered in-house.

JCK sent the following questions in advance of the meeting:

What are the optimal student numbers and how far off are we from these? SC stated that pupil numbers are based on a 150 per year intake and this is the expected position in September 2021.

Do we have the capacity to grow? SC confirmed that there is the potential to increase to 180 pupils per intake if demand requires it, but our Planned Admission Number (PAN) is set at 150.

What is the effect on the Budget forecast if there is a higher pupil intake? SC stated that with 150/year all timetabling and teacher employment works well. The same applies for 180 pupils. However, numbers between the two can be problematic as this can require additional staff without sufficient additional income to cover the cost of this (having a year group size of between 155-165 is particularly difficult).

### **Governors moved to Part 2 minutes**

JR asked if costs are indexed to inflation? SC stated that he has made a 'best guess' regarding inflation.

JR asked if the 1% income increase from DCC is indexed? SC stated that at a recent Business Managers meeting, Babcock were fairly confident that funding will rise by approximately 3% in years going forward, so our 1% is conservative. It is SC's proposal to Governors that this is increased to 2% in our Budget in order to remain risk averse but more realistic. The impact of this will be to reduce the Year 2 deficit to £80,000 and Year 3 deficit to £145k (a saving of £120k over three years). **Governors approved this amendment.**

MY asked if staff salary increases are also estimates? SC confirmed that there is no main teacher pay rise this year (2% is still included for most support staff), but a 2% rise year on year in the future is considered reasonable for forecasting.

SC stated that compared to last year's spending, he has included a small increase on gas & electricity this year because prices are likely to rise. However, the increase is marginal because our procurement process usually mitigates most of this.

JL asked how it can be considered acceptable to set a Budget with future deficits? SC stated that it is acceptable because we have a good surplus currently, but we need to remain clear about where savings are needed. If he included the full 3% DCC increase now it would significantly reduce the forecast deficit, but this may be too optimistic and could mean that other savings don't get prioritised sufficiently.

JL asked if Governors are failing in their duty, by planning to use all accumulated savings? SC stated that significant in-year savings can and have been made. DCC will want us to be clear about our Recovery Plan - there is clarity that

we're using pessimistic assumptions and we will submit quarterly reports for scrutiny. We will need to continue considering potential savings for future years alongside careful in-year budget management. JL offered his confidence that this is a sensible approach and savings can be achieved.

SC was clear that the largest savings have been achieved already (by moving from a 6-form entry to 5-form entry we have made teacher salary reductions) and therefore it will be harder to make that level of saving again.

*GH asked if there is a point at which DCC will intervene?* SC stated that there will be light conversations this year and the requirement for a Recovery Plan to be submitted and monitored. DCC will look at our projected deficit for future years too, but their interrogation would be much more robust if we were projecting a significant deficit in the next 12-24 months. We are currently benefitting from the savings made in previous years.

*GH referenced one of SC's mitigating factors that "all schools are facing this position" but questioned if this is nationally or locally?* SC stated that there are definite pressures in Devon as we are a low-funded LA. From informal conversations, SC is aware that local schools of comparable size to KEVICC are currently in a similar position.

SC noted that there is historically a transition problem between Year 9 and Year 10, where approximately 10 students move to other settings (potentially to Studio schools or Grammars) and these places are hard to refill. Our budget would look £50-60k better off if these students were not lost.

*JR asked why we have managed to build up a surplus over the last 4-5 years and now we are moving into a deficit position?* SC stated that the change from larger year groups to smaller ones over time makes a significant difference and there is a funding lag for this.

*MY was clear that he prefers the prudent assumptions that SC has included in the Budget, but acknowledged the negative attention this attracts. Is there any expectation of increased Government funding in future years (where our largest deficit is currently forecast)?* SC stated that increased Government funding is not expected and a cautious approach is sensible – it has enabled the College to respond to the Covid-19 situation well this year, which is testament to our financial planning.

### **Governors moved to Part 2 minutes**

*GH asked if our local MP has been contacted about Devon funding?* SC confirmed that over the last 5 years, low-funded LA's have worked together to lobby Government and AS also meets with our MP, although the recent focus has been on Covid-19.

*MY asked if there are any further small savings to be made?* SC confirmed that all contracts are reviewed, but most of the 'easy' saving have already been made now.

*KS sent the following question in advance of the meeting:*

	<p><i>Are we planning on stopping our teaching school membership as it is important that KEVICC remains outward looking and the teaching school membership is an important way to achieve this. SC was clear that a balance needs to be achieved between what the school gains from memberships and ensuring it is value for money. Ultimately, this is considered an operational decision for AS and SC to take.</i></p> <p><b>SC will make the agreed minor updates to the Budget, including a pupil number forecast, and this will be shared with Governors for the next meeting.</b></p> <p><b>SC will also share a draft SFVS Return at the end of the financial year.</b></p>	<p><b>SC</b></p> <p><b>SC</b></p>
<b>4</b>	<p><b>Meeting closed at 6pm.</b> The next scheduled meeting will take place on Tuesday 20<sup>th</sup> April 2021, 5.45pm</p>	

Signed.....

Date:.....

**Michael Young**

**Chair of Operations Committee**