

# Minutes of KEVICC Operations Committee Meeting Tuesday 28<sup>th</sup> June 2022, 5.45pm



*The meeting was held remotely via Microsoft Teams and recorded for the purpose of recording the minutes*

**Present:** Michael Young (MY) (Chair), Alan Salt (AS), Jo Cooke (JCK) and Gillian Healey (GH).

**In attendance:** Stephen Corline, Business & Finance Director (SC), Yvette Elliott, Clerk to Governors (YE) and Stuart White, ESW Director of Finance (SW 6.20–6.50pm)

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> Apologies, sanctioned by the Committee: Karen Sewell (KS) and Jim Lodge (JL) <ul style="list-style-type: none"> <li>Absent without apology: None.</li> <li>Declarations of interest: None.</li> </ul>	
2	<b>Minutes of Previous Meetings (22<sup>nd</sup> March 2022)</b> Minutes were approved by Governors and will be signed by MY as soon as possible.	MY
3	<b>Matters Arising</b> <ul style="list-style-type: none"> <li>SC to share College Complaints Policy with all – shared by email.</li> <li>SC to update all on Jimmy Cauty art installation – GH was thanked for her efforts</li> <li>YE to update, save and file ratified policies – Done.</li> </ul>	
4	<b>Business Director's Report</b> <u>Finance</u> <ul style="list-style-type: none"> <li>Monitor current budget position</li> </ul> <p>MY reported that our Budget 2022-23 has been profiled to divide the period into 5 months to 31<sup>st</sup> August (the expected point of academisation), the remaining 7 months falling within ESW's accounting year commencing 1 September 2022. Income is largely credited to KEVICC early in the year, rather than accrued on a monthly basis, however most costs are paid monthly (e.g. wages), which distorts the surplus of some £2.6m shown as at 31 August 2022. Measured against the 5 months to 31 August 2022, we are largely on budget, with minimal variances arising up to that date.</p> <ul style="list-style-type: none"> <li>End of Year Report for 2021-22</li> </ul> <p>This has been shared with all. SC reported that there were larger variances (overall positive) than in the current year to date, but these were recognised prudently during the year.</p> <p>MY asked if DCC have approved this now? SC stated that there is one small query which is likely to be adjusted in the current financial year, but it is only around £1,000.</p> <p>JCK asked how our surplus will be transferred from DCC to ESW? SC stated that the exact figure will need to be agreed, but there are some funds, such as AWP reserves, that will be allocated for specific purposes.</p>	

	<p><i>JCK asked if there are any other 'pots' like this as Governors need to be very clear about this?</i> SC stated that there are a few smaller sums, including a bequest for sports provision.</p> <p><i>JCK queried whether the ESW Budget includes these specific reserves?</i> SC confirmed that it does not.</p> <p><b>MY requested that the balance sheet as of 1<sup>st</sup> September is shared with Governors for clarity.</b></p> <p><u>COVID-19 Update</u> SC reported that there are no changes to policies and all is now back to normal.</p> <p><u>Personnel Update</u> Staff movement from 1<sup>st</sup> Jan to 20<sup>th</sup> June 2022 shared in HR Report. SC stated that this is always a busy term for staff changes. All were expected, so anyone leaving will be replaced. A couple of flexible working requests have been withdrawn following conversations with applicants.</p> <p><u>Premises Update</u></p> <ul style="list-style-type: none"> <li>Office reorganisation plans There will be fewer staff on-site from September as a result of ESW shared services, so there will be a reorganisation of office space to benefit staff teams and working. <i>JCK asked if there is excitement amongst support staff for academisation?</i> SC confirmed there are mixed feelings – there is less change for teaching staff, there are positive changes for IT staff but some support staff are less enthusiastic about location moves and a preference to stay as they are. Most staff who are moving teams or locations have now met with their future managers which they have found positive. all staff have also had the opportunity to meet Matthew Shanks and learn about the benefits of academisation.</li> <li>Summer holiday planned works The usual annual checks are booked to take place over the summer holidays. Also, extra CCTV is being installed where damage has occurred; some tree works are planned following storms this Spring; Elmhirst water works are planned; improvements to fencing are planned and work will commence on repair of the biomass boiler, which will enable us to have cheaper energy from September. DCC will be removing and repairing the pedestrian bridge over the road and temporary traffic lights will be installed for road crossing instead. This should have minimal impact on the school, as most of the work will be taking place over the summer holidays. <i>MY asked if Elmhirst is sealed off to protestors?</i> SC stated that it is not sealed off as access continues to be required for the AWP etc, but the use on site is not much different to usual and so far only a couple of banners have had to be removed.</li> </ul>	SC
5	<p><b>ESW Planning</b> MY discussed the ESW Finance Paper and how the KEVICC format of accounting has been updated for the ESW system, but the fundamental financial position of the school is unchanged. He explained that the SALIX Loan is accounted for differently by KEVICC and ESW, so this is listed out separately. The ESW accounting year runs from 1<sup>st</sup> September – 31<sup>st</sup> August, so KEVICC's accounts have been apportioned on a monthly basis to give an approximation of the position at 1<sup>st</sup> September. Further substantive changes have been made to reflect ESW's</p>	

	<p>financial principles, such as not recognising anticipated staff savings, and to reflect better information received since the Budget was approved.</p> <p><i>MY asked if ESW have suggested these latter substantive changes or if KEVICC has informed them of these?</i> SC stated that increased pupil income and staffing is now known for September (it wasn't when the KEVICC Budget was set). ESW do not consider some of our estimated savings to be possible and additional posts are now being implemented, so this accounts for around £100,000 of additional spending.</p> <p><i>MY asked why these additional posts were not identified by KEVICC earlier?</i> SC stated that this was partly due to taking extra teachers for the increased pupil numbers from September and also changes to pastoral support. At the time of setting our Budget, we didn't know exact teaching requirements. KEVICC would also not have had confidence to commit £45,000 to IT improvements. AS added that maternity leave in the pastoral team is being covered by 3 different staff members for different year groups, which has cost £25,000 more than a direct replacement would have (this was not possible due to the required skill set) when combined with the additional appointment. An extra appointment has also been made to the non-teaching SEND team, so there will be much more pastoral capacity from September.</p> <p><i>JCK asked if this is a new pastoral position that has been created?</i> SC confirmed that it is, and that an appointment has been made.</p> <p>The reserves held by KEVICC (C. 10%) are in-line with benchmarking, but ESW can commit funds more easily across the Trust. There have been significant price increases for gas and electricity and these will feed into ESW figures, although this is an issue affecting all schools and we would incur these costs whether or not we academise.</p> <p><i>MY asked what the ducting issue is that results in increased costs under the ESW Budget?</i> SC stated that a cleaning process for the ducts is needed which was identified from ESW's experiences during Covid-19 airflow.</p> <p><i>GH asked if there is any financial support available to schools for rising energy costs?</i> SC stated that there is not and this is a serious issue moving forward, but there have been no government announcements.</p> <p><i>GH asked if there have been any resignations as a result of academisation plans?</i> AS stated that there have not.</p> <p>AS confirmed that there are plans to invest in improving projectors and visualisers in classrooms, which wouldn't be possible without the backing of the Trust. SC added that these have been gradually improved, but ESW investment will be significant and will mean these changes happen significantly quicker than we would otherwise have been able to.</p> <p><i>JCK asked what will make screens 'fit for purpose'?</i> AS confirmed that all classrooms will have these by the end of next academic year and this will make a substantial difference to teaching and learning.</p> <p><i>MY asked how budget changes would be dealt with if we were not joining ESW?</i> SC stated that we predicted an in-year surplus and we have reserves, so money would need to be spent resulting in a reduction of these reserves.</p>	
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<p><i>JCK asked why the KEVICC Budget is now showing a deficit in future years, despite joining the Trust with reserves and if it will continue to be AS's responsibility to balance the Budget? AS stated that as a maintained school, the energy increases would also affect us. DfE allocation of school funding is unlikely to increase and he feels more secure as part of a Trust compared to under Devon LEA.</i></p> <p><i>JCK asked if there is the potential for Government funding to be allocated in the next two years (whilst we're still on fixed-price contracts) to support schools who may start to struggle before us? SC stated that ESW assumptions about costs and support are similar to ours and nothing is guaranteed.</i></p> <p><i>JCK asked what the DVL T staff reimbursement figure is? SC confirmed that a member of staff is currently paid to administer DVL T as Company Secretary and this will no longer be required.</i></p> <p><b><u>ESW school Budget presentation – Stuart White</u></b></p> <p><i>MY welcomed SW and asked for an explanation of the ESW Reserves Policies, which are fairly cautious. SW stated that the Trust needs to remain solvent, but reserves are retained and managed in individual schools. A 2.5% change in pupil numbers is used as a basis for determining this provision, plus 4%. Funding agreements can be removed and Trusts re-brokered if finances are not properly managed. KEVICC joins with healthy reserves, but individual schools may drop below their planned level of reserves temporarily so long as the collective remains solvent. This allows schools to adapt to unforeseen circumstances.</i></p> <p><i>MY asked if the 3-yr prediction, where energy price increases hit KEVICC, reaches the point where savings are required? SW stated that in 22-23 we will need to reduce the predicted deficit. In 23-24 this becomes a much larger sum which reaches the point of requiring significant adjustments to remain solvent – this will affect all schools, not just KEVICC. KEVICC is at an advantage due to its fixed-term contracts for energy. Other ESW schools come out of contracts this Autumn and will be hit by increases in costs more quickly, so the cost base will need adjusting in these schools.</i></p> <p><i>JCK asked if we have to dip into reserves in Year 1, how it is possible to build these up again quickly enough? SW stated that with sufficient reserves, the Year 1 impact of increased costs won't deplete these completely and running a deficit budget in 22-23 will require budget adjustments in future years to increase minimum reserves again. Deficit budgets can only be run for a very short time, but by working in this way knee-jerk cuts for the upcoming academic year are not required. Unpalatable cuts are sometimes required, but in more controlled and manageable ways.</i></p> <p><i>GH asked if ESW have any plans to use alternative energy sources long-term, to help ride-out the energy crisis? SW confirmed that as the situation is unlikely to change anytime soon, one staff member is focussing on sustainable solutions with a long-term carbon neutral target across the Trust. This won't happen quickly and it requires capital investment, but we can start changing behaviour.</i></p> <p><i>MY asked how the extra £36k deficit occurs as a result of ESW Budget realignment? SW confirmed that this is the result of a change to the cleaning contract and library purchases (£14k) - both are one-off costs. Additionally, the net</i></p>	
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	<p>effect of redistributing resources in association with the school improvement function is a further cost of £22k. AS added that work has already started with curriculum leads across the Trust and weekly Headteacher meetings focussed on school improvement, so there are lots of benefits being seen already and this extra cost is very worthwhile.</p> <p>SW reminded Governors that the decision to join ESW has not yet been formally voted on, so assuming the FGB recommend the Budget, the ESW Board will approve it. For clarity, this Budget shows a £110,000 deficit for the year from 1 September 2022 to 31 August 2023.</p> <p><i>SW left the meeting</i>  <b>The Committee voted unanimously in support of recommending this Budget to the FGB for approval.</b></p> <p>The KEVICC FGB decision must be shared with ESW ahead of their Board meeting on 14<sup>th</sup> July.</p>	<b>FGB</b>
<b>6</b>	<p><b>Financial Audit - Review outstanding actions</b></p> <p>Budget holder declarations of interest are the only item still to be completed, but this will be followed up in September with new ESW forms. SC considers this a low-risk item, as there are good controls in place for purchasing.</p>	
<b>7</b>	<p><b>Contract Updates - Review upcoming contract renewals</b></p> <p>An electricity contract has been fixed for 2 years - this has increased by 250%, but was purchased through a Broker, so SC is satisfied this is the best price possible.</p> <p>SC is working with ESW to look at which contracts will transfer and there are some due for renewal in September, such as minibus, education systems (SIMS etc) and Class Charts. ESW do not currently use the latter, but this is integral to KEVICC communication and familiar for parents so is likely to be kept.</p> <p><i>MY asked if the ESW Board have formally approved KEVICC joining the Trust? AS confirmed this has happened.</i></p>	
<b>8</b>	<p><b>Marketing</b></p> <p>Marketing content will still be driven by KEVICC when we join ESW, but they have a centralised team who will support and assist. Final responsibilities for marketing still need to be finalised by SC and the Admin team during the transition process.</p> <p><i>GH asked if a more consistent marketing strategy can be formalised at KEVICC? SC stated that the ESW shared services need to be utilised in a way that works for KEVICC.</i></p>	
<b>9</b>	<p><b>Policies for review</b></p> <ul style="list-style-type: none"> <li>• ECF Policy – <b>Ratified YE to update and save ratified policy</b></li> </ul> <p>The following policies were not brought to Governors as originally planned as these will all become centralised ESW policies that each school in the Trust will use. The existing KEVICC policies are sufficient for the remainder of this term until we academise.</p> <ul style="list-style-type: none"> <li>• Health &amp; Safety Policy</li> <li>• Maternity &amp; Adoption Support Leave Policy</li> <li>• Maternity Policy</li> <li>• Recruitment &amp; Selection Policy</li> </ul>	<b>YE</b>

	<ul style="list-style-type: none"> <li>• Secondment Policy</li> <li>• Shared Parental Leave Policy</li> </ul>	
<b>10</b>	<b>Policies to be reviewed at next meeting</b> This will become an ESW responsibility	
<b>11</b>	MY thanked Governors for their work on this committee. If the decision to academise from September is confirmed at the July FGB meeting, it will mean that the Operations Committee will no longer be required. MY is satisfied that Governors have fulfilled their objectives. <b>Meeting closed at 7.30pm.</b>	

Signed.....

Date:.....

**Michael Young**

**Chair of Operations Committee**