

Finance Committee – Extraordinary Meeting
Minutes of the Meeting held on Wednesday 26th January 2022
at 6:00pm at the Sherwood Hill Campus and via Google Meet



Amy Bone (EA)	Co-opted Governor (Chair)	Absent
Eileen Bone (EB)	Foundation Governor	Present
Claire Hadcocks (CH)	Co-opted Governor	Present
Brian Ikin (BI)	Co-opted Governor	Present (Remote)
David Murden (DM)	Ex-Officio Governor / Headteacher	Present
Chris Williams (CW)	Local Authority Governor	Present
Fran Boto (FB)	Co-opted Governor	Present from 6:15pm
Barry Walder (BW)	Finance Consultant; SMS Ltd	Present from 6:15 – 7:03pm (Remote)
Rosemary Viggiani (RV)	Clerk	Present


	Item	Action
1.	<p>Welcome; Apologies for absence and quorum (3)</p> <p>CH took the Chair as AB was unable to attend; she opened the meeting at 6pm, welcoming all to the meeting.</p> <p>Apologies were received and accepted from AB for work related reasons. FB had notified the Clerk that she may be late; BW was having problems connecting remotely.</p> <p>Declarations of Interest</p> <p>There were no declarations of interest regarding items on the agenda.</p>	
2.	<p>Minutes of the previous meeting held on 21st October 2021</p> <p>DECISION: Approval of the minutes of the meeting held on 21st October 2021 was deferred to the next meeting</p>	
3.	<p>December A3 return - summary, next steps and implications</p>	
4.	<p>Update re a conversation between the Head and Fiona Phelps and next steps</p>	
5.	<p>3 year plan submission - timeline and review schedule</p> <p>DM opened the session by updating Governors on his conversations with Fiona Phelps (FP) from the LA following the news of a potential in-year deficit of around £10-23k giving a larger than planned overall deficit of just over £500k.</p> <p>In summary, FP is still supportive of the school and the challenges we are facing. She has been talking with the Director of People regarding ways they can support the school moving forwards. Some discussions are to be had regarding the potential for us to take 12 (may now be 11) children with very complex needs who have no place for Sept 2022. This would represent an additional two classes and Sherwood Park does not currently have space to accommodate them; however, the other potential option is for the LA to place them in independent schools out of Borough which would be very expensive. It has been agreed that the school and the LA will carry on working collaboratively to see whether a solution can be found that will benefit the children, the LA and the school.</p> <p>Governors thanked DM for the update.</p> <p><i>FB and BW joined the meeting (BW through Google Meet)</i></p> <p>CH welcomed FB and BW and thanked BW for his hard work; it is very helpful to have the numbers as circulated prior to the meeting.</p>	

Item	Action
<p>CH set the scene noting that the key points for discussion include:</p> <ul style="list-style-type: none"> – whether there can be any in-year savings found – noting that this is unlikely to be significant at this stage of the year; – what needs to be done to finalise and agree the A3 return; – what the 3-year budget plan currently looks like, how it can be finalised and agreed; – what can be done with regards to the agreed Deficit Recovery Plan noting that this was already at risk as it was agreed prior to the Covid pandemic; – what could be done to support the 12 (11?) students currently without places. <p>DM and BW were thanked for their work in gaining greater clarity with regards to the finances. Whilst the figures may be disappointing it is encouraging that the Board are now in a much better position to start properly scrutinising the accounts – a matter that has been of concern for some time.</p> <p>It was noted that the A3 form and 3-year plan are due for submission early next week and the final reports have not yet been seen by the Governors. Whilst the position can be discussed tonight there will need to be decisions made as to how to ensure that there is the appropriate level of scrutiny and agreement prior to submission.</p> <p>BW provided an update on the current position allowing Governors to understand the process that he has been going through to ensure that the Board will be able to have confidence in both the figures and the financial systems, reporting and procedures in school moving forwards. It will also allow the Board to identify the key risks to the budget.</p> <p>Governors thanked BW for this update and asked a number of initial questions including:</p> <p><i>When the budget is submitted next week, how committed to it will we be at this stage?</i></p> <p><i>What are the current uncertainties and risks?</i></p> <p><i>Are there any potential savings for this year to help reduce the projected deficit?</i></p> <p><i>What is the forecast cashflow situation?</i></p> <p><i>Have the problems with accessing the bank accounts been resolved?</i></p> <p>BW outlined the timescales for submitting the budgets noting that they are not normally submitted until April; the LA requires the information by May but the school are being asked to provide the information early given the concerns regarding the deficit. There will, no doubt, be some discussions and negotiation following their submission next week with these figures being the starting point.</p> <p>At the current time there are uncertainties around a number of areas including the funding from the LA for next year and the staffing costs.</p> <p>As regards funding it was noted that invoices still need to be raised for some out-of-borough children; the invoices need to be sent to the boroughs with some urgency to ensure that they are paid; the absence of this revenue is a significant contributor to our continuing cash flow issues. There may also be some revenue owing from Sutton and DM is in liaison with them.</p> <p>ACTION: BW / DM to follow up re funding and issue invoices out of Borough as appropriate.</p> <p>BW has also been reviewing the staff and agency costs which have been very unclear in the past and therefore difficult to forecast. He also ran through some of the other areas of the budget including the PP grant, lettings, catering and donations noting the funds currently held in other accounts that need to be transferred over when access is provided. The donations and school fund yet to be transferred total around £60k).</p> <p>Matters around pay were discussed; it was noted that the Union have not yet accepted the support staff pay offer of 1.75%. It was recommended that the school should pay the 1.75% backdated to April noting that any delay beyond April 2022 would result in higher NI costs being levied.</p>	6

Item	Action
<p>In terms of cashflow BW confirmed that the school will need to apply for a further cash advance from Sutton regardless of the support staff pay award.</p> <p>BW explained the difficulties surrounding the forecast of funding for agency staff. Around £70k of unpaid invoices had come to light when processing the December accounts and it is apparent that the process for approving agency staff needs review and tightening. BW had therefore gone back to look through the records for each individual with the LT to cost, check and forecast all agency staff to ensure that the current accounts are complete and accurate.</p> <p>BW is also putting in place a spreadsheet to record orders for agency staff which are difficult to track using the usual systems as they regularly change. This will mean that all agency orders can be easily tracked in future. Payroll is much easier to track with existing monitoring systems in place.</p> <p>Another significant risk to finances moving forwards is the cost of utilities; these are rising significantly and the school should be considering how best to manage and report these costs.</p> <p>BW updated the Board as regards the banking situation. Whilst it is improving, many issues still remain but DM can now call or email to get bank statements.</p> <p>In summary, some of the key risks are that:</p> <ul style="list-style-type: none"> - Agency costs may be significantly higher than expected - Utilities may increase still further <p>Governors asked:</p> <p><i>It seem that the question we really need to confront is whether we can afford the staff structure we believe we need? If this is correct -which we believe it is – then what are we going to do to get to a position where we have the staff structure that meets our needs and that we can afford</i></p> <p><i>What is the situation regarding staff sickness?</i></p> <p><i>What needs to happen to ensure that a robust budget can be formulated?</i></p> <p>BW responded that the impact of sickness on agency cover still needs to be analysed and long-term sickness separated out.</p> <p>BW confirmed that staffing costs are around 90% of income; Governors noted that this is higher than many other schools which are often nearer to 80%. With staffing costs running this high it is difficult to see how the school can afford to pay back a potential £500k deficit over the 3-year plan.</p> <p>In terms of the budget and staffing costs it was proposed that a ‘big picture’ review of the budget would be useful:</p> <ul style="list-style-type: none"> - what is the best approximation of the total revenue with the current children? - what are the forecast costs for current staffing? - what is the best estimate of total other costs? <p>This will then give a broad picture of where we are and where we may stand with regards to repayment of the deficit and whether a repayment of c£160k per annum is feasible. At present with the risks around increasing costs it looks challenging to achieve break-even. But with this analysis we would then be in a better position to go back to the LA to explain what repaying the deficit in line with the current plan would mean in practice. Once we understand how the budget is built we can then have confidence in the projections and be in a better position to submit the budget and discuss potential options. Clearly all options will be challenging; any significant reduction in costs would need changes to the staffing structure and would risk negative impact on the quality of the provision.</p>	

Item	Action
<p>BW noted that the accounts and forecasts for the current year still need finalising and there are still some uncertainties. It is possible that there are issues around the processing of the year end agency figures for last year mean that the current year has effectively been a 13 month year. This might explain the in-year deficit for the current year and also mean that the costs for next year could be proportionately lower.</p> <p>In terms of staffing DM agreed that the current staffing levels are manageable on an operational basis; he had hoped to agree a new SLT structure but this clearly can't be agreed yet.</p> <p>Governors discussed the potential impact of the additional 12 students proposed by the LA. It was noted that these students would be above the current PAN. Whilst they would bring in additional income there would also be increased costs and issues around space. There is no space on the current campus' to provide for two additional classes. However, there are still discussions to be had and a solution may be possible that would be beneficial to all parties, especially as out-of-borough provision is so expensive.</p> <p><i>Governors asked about cost comparisons with other special schools?</i></p> <p>DM said that they seemed to be broadly similar in terms of staffing levels. The Priory runs at around 91% but includes more peripatetic and therapeutic staff. Further comparisons may be helpful. The current situation is deeply frustrating but it was noted that the school are committed to paying back the deficit and it is positive that the LA are working proactively with the school to achieve this. Having accurate budget information will be a significant help.</p> <p>BW confirmed that he is confident that he will have a more robust picture by Monday evening. It was agreed to call an extra-ordinary FGB to review this on Monday.</p> <p><i>BW left the meeting at 7:03pm.</i></p> <p>DM said that it would be good to see what the finances and budget look like then we can agree what can be paid back and when; there is no question that the school will pay it back.</p> <p>Governors hope that the Council Officers will recognise that, up to now, the Headteacher and the Board have not been able to access complete, up to date financial information and reporting and that, , we are working hard to get to the bottom of the financial issues and improve the situation dramatically.</p> <p>With regards to the additional students currently without places the Board agreed that they would like to progress discussions to see how the school can help.</p> <p>DM outlined some of the proposals noting that three sites had been suggested that might help with regards to premises. As the financial situation is brought under control and the agency staff become more settled DM noted that the operational crises are becoming significantly less. It would be helpful to have a year to consolidate and improve with five permanent staff replacing some current agency staff but that it would be appropriate to keep 10 agency on each site to provide management with flexibility in staffing moving forwards.</p> <p>As the situation settles the opportunities afforded by a potential new site and the additional children could be significant improving the provision for the existing children.</p> <p>DM described some of the potential opportunities including the animal rescue centre in Beddington Park, the old Amy Johnson Centre and a site on Robin Hood Lane in the centre of Sutton. In preparing any of the sites, once agreed, the costs of the lease and refurbishment would be covered by the LA allowing the school to walk into an adapted building that would meet the needs of the students.</p> <p>As regards the animal rescue centre site this could provide opportunities for working in partnership with Orchard Hill and the Carew Academy; this may be a project for the future.</p> <p>The site at Robin Hood Lane could provide exciting opportunities as a sixth form centre.</p>	

	Item	Action
	<p>There is an old cafe already on site that could provide important work experience. There is also an outdoor space that could likewise provide opportunities for gardening. There are also opportunities to talk with Nescot about these potential projects.</p> <p>Overall, several potential, exciting opportunities for the children to be discussed with the LA.</p>	
	<p>However, before any of that can be considered the current financials and the three-year plan need to be finalised and agreed and we need to agree metrics measures and reporting requirements.</p> <p>ACTION: AB and DM to meet BW regarding reporting needs for both the GB and HT.</p> <p>ACTION: RV to send out a notice about an extraordinary FGB on Monday 31st January from 6:30 – 7:30pm. The meeting is to be held remotely - DM to set up a Google Meets invite.</p>	<p>7</p> <p>8</p>
6.	<p>Confidential items</p> <p>There were no confidential items.</p>	
7.	<p>Any other business / Dates of future meetings</p> <p>There was no other business.</p> <p><u>Forthcoming Meetings:</u></p> <p>Extraordinary FGB: 31st January 2022</p> <p>Curriculum and Staffing: 9th February 2022</p> <p>Finance: 16th March 2022</p> <p>FGB: 23rd March 2022</p> <p>Premises, Health & Safety: 11th May 2022</p>	
	<p>The meeting closed at 7:42pm</p>	

Signed: 	Print Name: <u>IRIAN IKIN</u>
Chair	Date: <u>30/3/2022</u>

Action list – Note: the following actions as greyed out are recommended for closure.

Item	Action point	Who	By when	Update
Actions arising from the Meeting of the 21 st October 2021				
1.	To provide details of the curriculum block budget / financials in future reports	DM	Ongoing	
2.	To review the capacity of the SLT and the potential risks to budget recovery	DM/AB	Next FGB	
3.	The half-year review of the budget is due. DM and AB to review the current Annual Income and Expenditure Report and 3-year Income and Expenditure Projections. To receive the bank reconciliation / unreconciled items statement.	DM/AB	Next FGB	
4.	To discuss the Responsible Officer Report at the next Finance Meeting.	BI	Next Finance	
5.	DM to advise on the consultant's report assessing the current budget software and making recommendations moving forwards.	DM	Next Finance	
Actions arising from the meeting of 26 th January 2022				
6.	BW / DM to follow up re funding and issue invoices out of Borough as appropriate.	BW / DM	28/02/22	
7.	AB and DM to meet BW regarding reporting needs for both the GB and HT.	AB, DM, BW	Finance March 22	
8.	RV to send out a notice about an extraordinary FGB on Monday 31 st January from 6:30 – 7:30pm. The meeting is to be held remotely - DM to set up a Google Meets invite.	RV, DM	30/01/22	

DM