

Finance Audit & Risk Committee
Minutes of the Meeting held on Wednesday 1st November 2023
at 6pm at the Sherwood Hill Campus



Robin Dear (RD)	Foundation Governor (Chair)	Present
Gemma Davies (GD)	Co-opted Governor	Present
David Murden (DM)	Ex-Officio Governor / Headteacher	Present
Chris Williams (CW)	Local Authority Governor	Present
Sue Smith (SS)	Co-opted Governor	Present
Shauna Rubins (SR)	Observer / Associate to be appointed	Present
Stuart Collard (SC)	Finance Consultant; Schools Management Support Ltd	Present
Barry Walder (BW)	Finance Consultant	Present (to the end of Item 4)
Rosemary Viggiani (RV)	Clerk	Present

Item	Action
1.	<p>Welcome; Apologies for absence and quorum (3)</p> <p>RD opened the meeting at 6:15pm and welcomed everyone to the meeting. All were present.</p> <p>Declarations of Interest</p> <p>Sue Smith declared that she sits on the Schools' Forum as a non-voting member representing the Sutton Teachers' Committee.</p>
2.	<p>Minutes of the previous meeting held on 12th July 2023</p> <p>DECISION: Governors approved the minutes of the meetings held on 12th July 2023 as a true and complete record of the meeting.</p> <p>Matters arising (see action list below)</p> <p>It was noted that BB is following up with regards to the school's access to the school fund bank account.</p> <p>Action 58: DM to write a letter to other Boroughs quoting the findings of the Moderation Report and confirming that fees will increase from 1st October 2023.</p> <p>BW and DM noted that this action was completed in early September although, due to the late issue of the letters the date for the increase was notified as being from 1st January 2024 subject to final confirmation; the caveat was also that there would be a further increase in April 2024 subject to a further conversation.</p> <p>Q: Governors asked what increase had been communicated?</p> <p>BW said that he would check but he believed that it was £38k per place at the Hill and £33k at the Park. Slightly higher than the fees paid by Sutton.</p> <p><i>Governors expressed concern that the actual costs had been calculated as being closer to £45-£50k and asked the school to make sure that they were not being too cautious; they expressed a preference for a more aggressive approach given that alternative private sector provision would be considerably more expensive.</i></p> <p>BW said that he thought that the school had provided figures that were £4k above the calculated costs to the school to take account of the additional admin costs and had added a caveat that these may change.</p> <p><i>Governors also expressed a preference for the higher fees to be backdated to 1st October 2023 given that this conversation had started nearly a year ago. Frustration was expressed that the agreement to the Out of Borough Fees is still taking long time and that it should not be constrained. The approach should be more aggressive than cautious and Sutton pupils should not be disadvantaged by the Out of Borough fees being set too low.</i></p>

[Handwritten initials]

	Item	Action
	<p><i>Q: Governors asked if there had been feedback from the Out of Borough Schools in response to these letters?</i></p> <p>SC stated that most responded to the effect that they are “considering their position”</p> <p>DM noted that Governors had, in earlier discussions, also raised concerns from an ethical standpoint that the school should ensure that it is not overcharging in an arbitrary way. A balance is to be found. Plus, it should be noted that it is now planned that the school should also claim the £10k placement fee per student over and above these fees. We should expect at least what we get from Sutton; the school had previously not charged the £10k to the Out of Borough schools. This additional £10k placement fee will result in an additional revenue income of £190k for the 19 Out of Borough students.</p> <p>DM proposed that he write to the other Boroughs to propose a fee of Sutton costs plus £10k.</p> <p>SC added that the therapy costs should also be covered.</p> <p>ACTION: DM to write to the Committee to confirm what is being requested of the Out of Borough Schools noting what the fees are now, what they will increase to and will include a facility to increase this in future and add a premium for the additional admin costs.</p>	60
3.	<p>Update re approval of the Budget by the Local Authority</p> <p>Update following the Schools’ Forum Meeting</p> <p>SS noted that she had attended the School’s Forum where the Sherwood Park budget was discussed. She explained that the meeting is a forum that reviews the funding of all schools across the Borough in line with the Scheme for Financing Schools. Academies are funded separately and directly from the DfE. The Forum comprises representatives from the schools in the Borough, headteacher, governors, early years and post 16.</p> <p><i>Q: Governors asked what decision making powers the Forum has?</i></p> <p>SS said that they have to abide by the National Funding Formula and a lot of decisions are taken out of their hands.</p> <p>It was noted that the funding of Sherwood Park is an Authority decision but it was raised at the Forum for information and to gather views.</p> <p>SS said that it was a shame that no one from the school was present as there was a significant discussion; DM noted that it had been recommended that he not attend.</p> <p>DM confirmed that Sherwood Park had been discussed under the item on the agenda where the LA tabled a report regarding schools with deficits. We are one of those. Although not present at the meeting, DM had input to the report with recommendations.</p> <p>The approach favoured by the LA was recommending that Sherwood Park’s cumulative deficit should be taken into the high needs block deficit and the in-year deficit resolved by increasing the school’s income – rebasing the value of each class.</p> <p>A series of safeguards were stipulated to reassure everyone that we can stay within that envelope. These had been notified to the school earlier this evening and include:</p> <ul style="list-style-type: none"> - There is a need for further infrastructure and in house monitoring of the budget to ensure further reassurance moving forward. To support this, the school will commit to having a finance manager full-time in house by no later than the end of this financial year. - The school will commit to seeking and working in partnership with a school partner (e.g. Multi Academy Trust or similar) to support the school to put in review and support the school’s internal financial management processes and governance arrangements. - The school and LA commit to setting up a working group made up of representatives of the school/LA and co-opted representatives from Schools Forum to oversee progress on the Schools Deficit Recover Plan and financial reporting - The school will liaise with the Sutton Education Trust to provide additional governance capacity and support to the school 	



Item**Action**

- The school and LA commit to ongoing monitoring of the school's budget as per the current arrangements
- The school commits to managing the ongoing pressures that the school will face in the future without any guarantee of further funding (within reason)
- That the Local Authority may consider disapplications to the Secretary of State against the Minimum Funding Guarantee protections in place for Special Schools where it feels it is reasonably appropriate (to help reduce costs to the High Needs Block).
- An agreed "Financial Safeguarding Plan" to replace the current Deficit Recovery Plan with jointly written actions from the LA and the school. This would initially look at staffing, sickness cover, use of agency and leadership and management.

DM said that he will come back to the Committee with recommendations once the offer from the LA is finally agreed and formally offered.

DM outlined the history of the school's funding over the past few years noting the previously agreed Deficit Recovery Plan but how it had subsequently been agreed that this was not effective and that a root and branch review was necessary with the LA and school standing side by side.

At the top of the action plan is the need for the school to have a proper Finance Department in house, supported by a partner school. It has been agreed that this should be Greenshaw where we can support them in developing a new Special School and they support us with Finance.

Governors asked whether this is effectively the school joining a MAT?

DM confirmed that this was not the case but a mutual partnership. Any decision regarding the school joining a MAT would rightly reside with the Governors.

DM noted that all the caveats are supportive and reasonable. It includes the Local Authority providing the school with accurate information - this month there was still some ambiguity re the school's income.

The paper went to the Schools' Forum with these options and Kieran had reported back that there was general support for this. An action Plan and meetings will be the next steps.

Governors noted that this effectively gives approval in principle for funding in line with our proposed budget and wipes out the deficit subject to caveats as set out in the email received earlier this evening and as set out above.

The proposal is that Richard Simpson should take this offer to a further Education Committee meeting in February to finalise the sum of money and how it will come across. Once that is achieved the school will have an agreed budget for this year and can then work together to agree future years and how to address concerns regarding incremental drift.

There is also a need to meet in the next few weeks to agree the caveats and how they will operate in practice.

The Chair summarised to clarify that, in effect this budget as agreed is that which governors noted earlier in the year as being recommended as sufficient by the school; the school and Board have been monitoring expenditure against that budget but are still awaiting final approval for elements within that.

SS confirmed that she had spoken to Kieran this afternoon to check what she was able to say given her role on the Schools' Forum. He had agreed that she could share the information and noted that it is a Members' decision. Whilst it is not 100% guaranteed, it is this proposal that will go to the Education Committee in February. They are also suggesting a small subgroup including independent people to meet to monitor the situation. This would work alongside the normal monitoring by the school and governors but the details have not yet been agreed.

It was noted that there had been criticism of governance at the school and it was disappointing that no one from the school had been present to give more information.

Item**Action**

The Chair responded by outlining some of the history noting the historic underfunding of the school and how the Board had come to the conclusion that the school was not sustainable under the previously agreed funding; that two options had been proposed: firstly to change the cohort of children supported by the school or, secondly, to fund it according to the current cohort's needs. In this regard it is unfair to criticise the Board. There had been a failure of the LA to recognise the need to appropriately fund a special school of this nature and sound bites such as this can be damaging when taken out of context.

BW supported the Chair's assessment of the situation over the past few years; the lack of engagement between the school and LA and the lack of understanding by the LA of the needs of the cohort. There is now more transparency and that is actually good governance.

SS thanked BW and RD for this explanation noting that it was a shame that such a robust explanation was not available to the Schools' Forum.

GD noted that both she and DM were intending to go but had been advised to the contrary. It was agreed that it would be helpful for the school to attend any similar meeting in future to be able to provide more context.

RD confirmed that the challenge here is not the way the money has been managed in recent times (past two years) but, from a Governor perspective, the length of time taken for all parties to recognise the nature of the school against the backdrop of LA under funding.

It was noted that it would cost a lot more if children have to go out of Borough and this needs to be borne in mind when negotiating the out-of-Borough funding.

In summary therefore, governors noted that the LA have agreed, in principle, to increase the school's in year funding and wipe out the cumulative deficit.

As regards the next steps, these were set out in the email received this evening and include the LA finance team checking / confirming the necessary process to give effect to the decision in their scheme for financing schools as well as the Council's standing orders in relation to member decision making.

The LA and school we will need to meet in the next few weeks to discuss the safeguards as set out on the bullet point above to make sure that both the LA and the school are comfortable with what they mean in practice and how they will operate.

Governors thanked the Headteacher for his tenacity in understanding this and pushing it through. He clearly understood what was needed and didn't stop until it was agreed.

DM thanked the Board noting that, over the past two years the Board has worked effectively with the LA. The LA and Governors met and found a way to work effectively together to provide the service needed for our children. All issues over the past year or two are directly related to not having enough money. It was noted that this is an incredibly important moment for the school. The binary option – to fund or not – has now meant that the children and their families will now get the funding and resources required which they have not had for five years. DM said that he hopes that all properly recognise that this is what good governance looks like, resulting in an increase in funding from around £3.7m to c£8m in two years – a massive increase, more than 100%. This has been achieved through honesty and transparency. We were laughed at when we asked for the deficit to be cleared but that has now been achieved.

It was further noted that this is a one-off opportunity for the school and the pupils and we must work within the caveats – but that these are all actually beneficial to the school.

The first real challenge is with regards to the appointment to the Finance Manager post. SC is also working on an action plan to address the wider challenges moving forwards but filling this post with someone of the appropriate calibre will be difficult.

Potential routes for recruitment were discussed.

It was also noted that the challenge of working within the appropriate in-year bottom line must not be underestimated. The challenge of agency costs was discussed alongside other uncertainties and one-off costs.

	Item	Action
	<p>The risks need to be identified as do potential opportunities – for example with regards to increasing other income.</p> <p>ACTION: DM and BW to present a summary of the risks that may result in drift from the agreed bottom line alongside opportunities for increasing income and present this to the next Finance, Audit and Risk Meeting.</p>	61
4.	<p>Management Accounts</p> <p><u>Management Accounts to end of September 2023 (Q2)</u></p> <p>Following the discussions in the previous item, Governors reviewed the financial figures as presented to the meeting to the end of Sept 2023. It was agreed that it is important to find a route back to recovering the current £60k drift in the bottom line.</p> <p>BW noted that it has already been identified that the budget has not included the correct number of pupils; the funding allows for 179 pupils where we have 181.</p> <p>Other opportunities to increase funding could include a let to Orchard Hill – but there are some potential operational matters to be considered.</p> <p>Regular monitoring will also be key and utilities are potentially a risk, particularly with regards to the negotiation of the shared supply at the Hill.</p> <p>Other potential opportunities may be found as regards the agency budget; however, long term sickness may be a further risk.</p> <p>ACTION: BW / SC to provide a written summary of key points for governors to note and discuss in future finance reports.</p> <p>DECISION: The Meeting of the next Finance, Audit and Risk Committee will now be held on 12th December 2023, moved from 28th November. To be available prior to the meeting.</p> <p><u>End of Year Forecast / Matters arising</u></p> <p>See discussions in the items above.</p> <p><i>BW left the meeting.</i></p>	62
5.	<p>Update from the Pay Committee</p> <p>The draft Minutes from the Pay Committee had been circulated prior to the meeting.</p> <p>GD, as Chair of the Pay Committee outlined the terms of reference for the committee and the fact that the core aim is to review and moderate the process the Headteacher has used to make his recommendations; this had been carried out and the committee members agreed that it was as set out in the pay policy.</p> <p>The Committee had challenged the Head who had been very transparent with regards to the processes used; the challenges encountered due to absence within the wider leadership team and how this had been overcome.</p> <p>The Committee were content with the process as described.</p> <p>The process for assessing applications for transition to the Upper Pay Scale had been reviewed and the Committee were content with this whilst noting the difference in the closing date for applications. It was recommended that this is brought forward to the end of August in future years to allow these recommendations to be made to the Committee at the same time as those relating to progression on the scales.</p> <p><i>Governors discussed these points and asked about the impact on the budget.</i></p> <p>Whilst this is not yet fully assessed it was noted that the school also need to take account of the government pay awards. Risks also include the automatic rise up the pay scales for teaching assistants.</p> <p>ACTION: BW to provide an update at the December Finance Meeting with regards to the impact of the pay awards and changes to government funding on the budget.</p>	63

	Item	Action
8.	Confidential items There were no confidential items.	
9.	Any other business / Dates of future meetings There was no other business. ACTION: DM to draft a letter to Claire Hadcocks to thank her for her support and work on the budget. <u>Forthcoming Meetings:</u> FGB: 19 th December 2023 Finance: 12 th December 2023	68
	The meeting closed at 8:20pm	

Signed:		Print Name:	ROBIN DEAR
Chair		Date:	12/12/2023



Action list

Item #	Action point	Who	By when	Update
Actions arising from the meeting of 8 th March 2023				
47	RV to schedule in review and re-approval of the Finance and GDPR Policies for the Autumn Term.	RV	Sept 23	Will be on the agenda for December meeting. Stuart Collard to liaise with Judicium re the GDPR Policies. Action remains open.
48	DM to follow up regarding the outstanding parent debt for school dinners and report back to Governors at the next Finance Committee. Management to ensure that the school follows its published process for managing payment/non-payment for school meals. Also to explore support for families to claim free school meals and to signpost to support to enable them to access wider benefits as appropriate.	DS / DM	Fin. Cttee April 23	The Interim SBM started this process which is ongoing. Action remains open.
Actions arising from the meeting of 10 th May 2023				
49	DM to initiate a review of the non-classroom based support staff structure at the earliest.	DM	Autumn 2023	This is on-hold pending confirmation re the big financial picture and costings; DM noted that he will remain within the agreed financial envelope. Action remains open.
Actions arising from the meeting of 12 th July 2023				
55	DM to formalize the rationale re the TA pay scale for approval by the Committee/GB	DM	Spr Term 2024	
56	DS to join the SBM Group within the SET.	DS	Spr Term 2024	DS has now left the school; action closed
57	DS to establish a process to monitor sickness (both long and short-term sickness) on a weekly basis.	DS	Spr Term 2024	
58	DM to write a letter to other Boroughs quoting the findings of the Moderation Report and confirming that fees will increase from 1 st October 2023.	DM	July 23	Note discussions in the body of the Minutes; action closed.
59	RD and DS to meet to re-structure the Risk Register into a more usable format.	RD / DM	Aut Term 2023	DM has updated the Risk Register to make it slightly more accessible. RD and DM to liaise with new Business Manager when appointed to review the format, scoring and mitigation.

Item #	Action point	Who	By when	Update
Actions arising from the meeting of 1 st November 2023				
60	DM to write to the Committee to confirm what is being requested of the Out of Borough Schools noting what the fees are now, what they will increase to and will include a facility to increase this in future and add a premium for the additional admin costs.	DM	Dec 2023	
61	DM and BW to present a summary of the risks that may result in drift from the agreed bottom line alongside opportunities for increasing income and present this to the next Finance, Audit and Risk Meeting.	DM / BW	Dec 2023	
62	BW / SC to provide a written summary of key points for governors to note and discuss in future finance reports. To be available prior to the meeting.	BW / SC	Dec 2023	
63	BW to provide an update at the December Finance Meeting with regards to the impact of the pay awards and changes to government funding on the budget.	BW	Dec 2023	
64	SC to review the Finance Policy and remove unnecessary Governance sections, cross-checking against the Board Structure, Terms of Reference for Committees and the Scheme of Delegation. To re-present to the Finance meeting in December.	SC	Dec 2023	
65	SC to include procurement as an appendix to the Finance Policy and present a separate Sustainability policy to the Committee in December.	SC	Dec 2023	
66	SC to include a statement in the Governor Allowances Policy to the effect that payment of expenses needs to be approved in advance and that they will only be agreed in exceptional circumstances. To present the policy to the December Finance Committee.	SC	Dec 2023	
67	SC to liaise with Judicium regarding the Data Protection / GDPR Suite of Policies and present to the Finance Committee in December 2023.	SC	Dec 2023	
68	DM to draft a letter to Claire Hadcocks to thank her for her support and work on the budget.	DM	Dec 2023	