

MEETING	FINANCE AND GENERAL PURPOSES
DATE	Monday 13 March 2017
VENUE	Ninestiles School
ATTENDEES	Martyn Collin, Karen Crowston, Dominic Davis, Gaetano Ferrante, Steve Harris, Sian Hartle, Penny Wagg, Chris Welton, David Werry
IN ATTENDANCE	Hilary Barber, Paul Charlton, Steve Ralph, Steve Smith

MINUTES

1. Welcome

David welcomed all present to the meeting and thanked everyone for attending.

2. Attendance and apologies

Apologies were received from Bob Fear.

3. Declaration of Business Interests - *All Trustees and councillors are reminded that when receiving this agenda they must consider whether any items for discussion require them to declare a business interest, either personal or of any close family member.*

None were declared.

4. Finance

i. **January 2017 management accounts**

Steve R presented the reports highlighting the following:

- It is predicted that £486k will be added to overall reserves during the year; however of this figure, £383k results from the surplus transferred to the trust on the conversion of Cockshut Hill. The in-year surplus – “free reserves” are predicted to be £103k across the trust. The outturn figures for Pegasus and Erdington Hall raise the biggest concern although it was noted that additional staffing resource has been put into Pegasus and the school’s reserves are being used to fund this.
Erdington Hall has halved its reserves during the year, a significant factor being high supply costs. However there are currently staff changes taking place which will reduce the salary costs going forward (although it should also be noted that their income is also reduced in the coming year).
- Whilst the surplus at Lyndon has increased in year, concerns were noted about the impact of the reduction in student numbers with a potential drop in income over the next two years of £617k.
David asked if this was due to larger Y11 groups leaving being replaced by smaller Y7 groups and Steve confirmed this was mainly the case. The impact of an additional form of entry at Ninestiles and Lode Heath was noted. Cockshut Hill is in a similar situation regarding student numbers but is currently receiving guaranteed funding for two years. If numbers remain low this could result in a drop of income at Cockshut Hill of £800k in Year 3.
- Steve R noted that there has not been significant capital spending across the trust this year. £70k has been spent on interactive whiteboards at Yarnfield and the front of the school at Ninestiles has been refurbished. New servers are to be installed at Cockshut Hill covered by funding from a DfE Environmental Capital Grant.

- Martyn asked if Steve would share this information with Principals at their next meeting.
- **David queried the projected reduction of staff costs of £400k across the trust.** Steve R cited the following contributing factors
 - budgeted vacancies unfilled or only filled part year
 - Work Related Learning post (Ninestiles) part time from January
 - Maths staffing (Ninestiles): two vacancies built into budget but only one filled
 - £50 budgeted for apprentices which is not currently being utilised

David asked if the reduction in staffing is adversely affecting performance and outcomes.

Sian commented that provision is not impacted negatively at Ninestiles. Steve R noted that the greatest number of teacher vacancies apply at Lyndon and Cockshut Hill and this is in the national context of recruitment challenges. Gaetano commented that there has been a reduction of two members of leadership at Lyndon and there is an ongoing vacancy for a Data Manager at Cockshut Hill. Paul Charlton commented that there is a £30k commitment in Cockshut Hill's budget to cover safeguarding following last year's restructure. Safeguarding of salaries will finish in March 2019. There is a high number of staff on maternity leave at Cockshut Hill but back fill is being provided by current staff in the main. **Steve H expressed his concern about staffing at Lyndon going forward.** Savings have been made but there needs to be a trust review of the structure. **He suggested that the school could not maintain good provision if staff who left were not replaced.** Martyn agreed but noted that the leadership structures across the trust need to be clarified first. He also suggested that some of the primaries are running very lean staffing profiles. Some staffing at Pegasus is being retained in anticipation of the Resource Base being established there. It was confirmed that this is being funded by Birmingham City Council although the school is paying for some consequential refurbishment works. Steve S noted that he is pressing for building work to start at Easter.

Variances

Ninestiles

David asked what the cost of the work to the front of school had cost. Steve R reported that the works had come in at £57k with an additional £9k for landscaping. This was within the original costings.

Lyndon

David asked if the additional Pupil Premium funding had been set against curriculum resources and Steve H assured him that the money had been spent on supporting students.

Cockshut Hill

Steve R clarified the notation of the comments explaining:

- Additional income resulting from Sixth Form funding and the fact that the Start Up grant had not been pro-rated as anticipated.
- The adjustment of £13,601 applied to the ski trip and the banking of monies prior to academy conversion
- £190,217 reduction in expenditure on staffing costs due to unfilled vacancies; however money had been added to supply to cover five long term agency staff.
- Other Employee adjustment reflects the cost of additional CPD
- The increase in Premises Utilities costs relate to backdated invoices received post conversion
- Curriculum supplies and services – adjustment arises from reduced income from the ski trip (less students attending), a saving on proposed development project costs of £40k, saving on insurance fees and an adjustment to printing costs. However, some of these savings were offset by additional catering costs due to the delay in Citiserve submitting invoices.

Yarnfield

Chris asked Steve R to clarify the reported overspend of £167k and how this could be identified in the accounts. Steve R explained this was the difference between the free reserves brought and carried forward (see last page of accounts document). **Chris sought confirmation that the original budget had been set as a deficit.** Steve R noted that £70k had been spent on interactive whiteboards and this expenditure will be shown on the balance sheet.

Steve R reported that income and expenditure on the nursery is currently breaking even; however

in previous years nursery funding has contributed to the surplus. **David asked why estimations of nursery funding had been so inaccurate.** A discussion followed on the challenges around nursery funding with Martyn noting the lack of demand generally for part time places. Dominic commented on the impact of the falling birth rate and the fact that more families are using private nurseries. Martyn and Dominic noted that whilst numbers and uptake of places is falling, PANs are being reduced to ensure that adequate and cost-effective staffing can be put in place. It was also noted that Early Years teams have adjusted their staffing to the number of pupils in their setting. Excess funding in the past has been effectively supporting school budgets in other respects. David noted that it was good to hear that EY settings would be able to work around the changes to funding, but that there maybe other budgetary implications moving forward.

Oaklands

No issues

Erdington Hall

No issues

Pegasus

No issues

Trust

Steve R noted the pro rata spend detailed against the Capital Conditions Improvement Funding (ie 17 months/ 24 months of £1.35m). This will be updated with actual figures once work is started. **David asked if there was a deadline by which the funding should be spent** and Steve R responded that whilst in theory this was March 2017, in practice the DfE would be satisfied that there was a strategic plan in place and work was beginning. Martyn confirmed that the Strategic Plan had been presented to the Board of Trustees and they had approved its contents.

Karen asked whether the schools or the trust carried the cost of Firefly and Impero licences and Steve R responded that it was the schools depending on their ability to pay. Training and implementation was undertaken by Chris Silvertown and a recharge for his time working across the trust was made back to Ninestiles. This was also the case for the central IT support team. Martyn explained that a Firefly champion had been appointed at each school with a TLR3. **Karen emphasised the need to review the whole cost of these strategies (including staff costs) and ensure that the benefits of using them are linked to outcomes. David asked about the costs incurred to date by the merger application of the Sixth Form college** and Steve R explained that the college have received a grant of £25k which is being shared with the trust.

ii. **Investment performance**

Steve R summarised that currently deposits are based on a low risk strategy; however this brings a low return. He noted that a further £375k (being the surplus of the Cockshut Hill transfer) was added today.

He noted that there is an exercise currently being undertaken to consider setting up a single bank account to facilitate all the schools, and in time, the college. This would reduce the need for a "buffer" in each separate account and allow a greater amount to be placed either on deposit or into a fixed term investment product. It is possible that following a review Steve R may recommend a move from HSBC banking provision to Lloyds.

Steve R noted that on conversion the college will add reserves of around £6m which could be added to the deposit accounts. It would be recommended that investments are planned on a stepped approach so that they mature and funds are released at different points across the year.

Steve will present a updated Investments Policy drawing on the experience of the Sixth Form College to the next meeting and should trustees agree it, it will be operational from the date of conversion of the Sixth Form College. The plan will be to create limits but spread risk. **Steve H asked if there was a risk in operating one bank account.** Steve R responded that essentially it would be no different from holding all eight accounts at HSBC. It was noted that the EFA urges caution around investments.

iii. **Banking arrangements**

See above

iv. 17/18 Funding letter summary

Steve R highlighted the following:

- ESG effectively ends from September 2017 although there is a small amount of transitional protection
- Ninestiles and The Oaklands will receive funding for additional pupil numbers (increased form of entry)
- Reduction in student numbers at Lyndon (62) against previous year and 128 over two years
- Query around published funding for Sixth Form at Cockshut Hill which would appear to be too high
- The “average per student” will seem high at Cockshut Hill as it includes £874 of PFI funding
- Overall budgets are in line with expectations
- **David asked if budgets would be set for the coming year without using reserves.** Steve R responded that the consolidated budget would balance in year but there may be differences across the schools. He noted that the budget was cushioned this year by the benefit of guaranteed student funding at Cockshut Hill.

v. Key challenges for next 3 years

- David thanked Steve R for his report. **He asked what the term “sweating the assets” meant** and Steve R explained that it was maximising the use of resources and spaces effectively to generate income.
- **Chris asked what alternative sources of income had been identified.** Steve explained that Lyndon had been successful in obtaining a grant from Birmingham Airport which would also be available to Pegasus and Erdington Hall generating £3k every two years. Erdington Hall were in receipt of a grant from Sports England and were also receiving £40k from a former pupil to refurbish the library. **Steve H asked if the gym at Cockshut Hill could be let out** but Steve R explained the difficulties around the PFI contract. Steve S mentioned that the Sixth Form College outsource the management of their lettings and this possibility could be explored in future. **Sian wondered if any support could be obtained from the Yardley Trust if facilities were used for the community.**
- **David asked if there was any progress on collaboration referred to in the Other Cost Impact section of Steve’s report.** Steve reported that all the schools were gradually being consolidated into one insurance policy to avoid a duplication of cover and reduce costs. As contracts were being renewed the opportunities to rationalise dates was reviewed and increasingly this was also being undertaken with the college. The college are keen to collaborate around exam board provision suggesting that even if costs are not reduced, service and support will be better.
- **Chris asked if there were plans for the consolidation of NAT and college support staff.** Steve responded that staffing was always reviewed when natural opportunities arose and the plan to introduce a centralised finance package would offer scope for more efficient working.
- Martyn reported that the trust had been awarded two grants by the DfE, growth funding of £40k towards the cost of the proposed new finance package, and £60k to fund a new hub.

vi. Working party for 5-year financial review

It was agreed that a working party should be formed to monitor and review the 5 year plan. Discussion raised the following points:

- A peer review of the trust has been commissioned on the basis of a pilot DfE scheme. This will take place on 20/21 March 2017.
- **Karen asked whether there was comparative data available the size of trust central teams.** Martyn reported that representatives of the Regional Schools Commissioner’s office had commented that the NAT team was “lean” and this is borne out anecdotally from observing other

trusts. **Karen suggested that there needs to be a clear understanding of team members' roles and responsibilities.**

- **Chris asked what the current view is of the optimum number of schools in a multi academy trust.** Martyn responded that previously this had been considered to be twelve, however as funding levels are cut it would seem that trusts are being encouraged to work towards twenty.

David and Karen volunteered to be part of the proposed working party. (Chris also volunteered the following day). Please inform Hilary if you wish to be part of this group.

5. Staffing Report

- **Chris asked if it was difficult currently to recruit staff** and Gaetano agreed this was the case, particularly in some subject areas, eg Geography and Science, at secondary level. The trust is currently advertising a number of roles across its schools.
- The importance of not only recruiting but retaining staff was stressed.

6. Health & Safety/Estates update

Health and Safety

Steve S gave an update on the Health and Safety audit presented to trustees previously, reporting that it was almost complete. The final steps were as follows:

- complete an audit of compliance
- issue guidance for best practice when employing contractors (Steve S attending training shortly)
- compile centralised approved contractor list to guide schools
- complete outstanding fire assessment at Yarnfield.
- conduct Type 3 Asbestos review in the summer (Type 2 complete)
- complete the detail of a staff induction pack relating to Health and Safety to include provision of fire training

Estates

Steve S reported that there had been two recent incidents involving burst pipes. One was less serious; a problem around an external water main at Ninestiles, the cost of repair being mainly covered by insurance. The second was at Lyndon where the build-up of hot water, condensation and steam from an undetected broken pipe caused a corridor ceiling to collapse. The pipe is now repaired and the area temporarily refurbished. An insurance claim has been submitted and Steve S is awaiting a meeting with the loss adjuster.

Steve S informed the committee that he has met with Dave Abbot, the Estates Manager and Peter Brown, the Procurement Manager from the college to explore links and identify where contract dates can be rationalised. It was noted that the college and Lyndon currently use some of the same services provided by Solihull Council.

Steve S has met with the PFI representatives at Cockshut Hill and Birmingham City Council to push forward with the work they committed to do at the school as part of the Commercial Transfer Agreement on conversion. The work on the perimeter fence and the linking walkways remains outstanding.

Steve S reported that with the current contract coming to an end on 31 March 2017, the breakdown of relationship with the current cleaning contractors at Lyndon and the need to go through a tender process to appoint new providers, an alternative contractor has been employed on a short term basis for three months. In terms of contract length, effectiveness of provision and cost efficiency it was agreed that the priority must be to ensure that Lyndon gets best value.

It was noted that potential contractors may not be paying the Living Wage and it was clarified to committee members that whilst there is a commitment on behalf of the trust to pay its directly employed staff at least the Living Wage, it does not lay claim to be a formal "Living Wage Employer" as it can't guarantee that all contractors bringing workers on site also pay the Living Wage.

It was noted that the expenditure detailed and proposed in the Trust Conditions Survey had been approved by Trustees at their last board meeting and these projects will be monitored by the Finance and General Purposes committee. Steve S was asked to circulate the full plan to committee

members. He noted that tenders are due back this month for the roofing works at Lyndon and Ninestiles.

David asked if contractors on the approved list would offer reduced rates. Steve S explained the purpose of the list was more about ensuring that companies employed were safe and compliant and had adequate liability cover. However there would be a prospect of encouraging contractors to grasp the opportunities of doing business with eight organisations.

7. Minutes and matters arising from December meeting

The minutes of the last meeting were accepted as a true and accurate record.

Proposed: **Penny Wagg**
 Seconded: **Chris Welton**

Matters arising:

- **Chris asked if the tender documents for the new audit contract had been sent out.** Steve R confirmed this was the case and that he was in receipt of four written tenders. A decision will be made by 24 March 2017.
- The review of Educational Visit strategies across the trust is ongoing. The priority of ensuring a fair offer to all pupils was noted.
- It was confirmed that the Board of Trustees has the responsibility to appoint the Chair of the Finance and General Purposes committee and the committee appoints the Vice Chair.

8. Any other business

- The deadline for submissions on the consultation around the proposed National Funding Formula is 22 March. Please let Steve have any specific issues you would like raised in his submission.
- The last meeting of the current group will take place on 12 June 2017. Martyn reported that discussions are ongoing regarding the Board of Trustees that will need to be incorporated.

Ref no	Action	Who
2017/03/13/01	Report on capital spending and other budget implications to Principals	Steve R
2017/03/13/02	Ensure the impact of Firefly and Impero Is evaluated as part of the IT strategy review.	Martyn C/Gaetano F
2017/03/13/03	Conduct trust wide staffing review once leadership posts are clarified	Martyn C
2017/03/13/04	Inform Hilary if you wish to join the Working Party for the review of the 5 year plan	All
2017/03/13/05	Circulate the Conditions Improvement Funding plan to councillors	Steve S
2017/03/13/06	Inform Steve R of any issues you would like him to raise in his submission re the National Funding Formula	ALL