

Finance Committee Minutes

Meeting	Finance Committee	Date	Wednesday, 25 <sup>th</sup> January 2023
Location	Executive Boardroom, Broadstairs	Time	2.00 pm
Membership	Michael Ashley (MA) – Chair; Graham Razey (GR)		
In Attendance	Tammy Mitchell (CEO), Chris Legg (CFO), Sharon Hollingsworth – Director of Governance (DG), Claire Edgeworth – Note Taker		

	ITEM	COMMENTS	ACTION
1	Welcome and Apologies	<p>Following the resignation of Chris Argent (CA), Trustee and Chair of Finance Committee, MA was contacted prior to the meeting to establish his willingness to take on the role of Chair. MA confirmed his acceptance at the meeting and was subsequently elected to be the new Chair of the Finance Committee with immediate effect.</p> <p>The Chair welcomed everyone to the meeting.</p> <p>No apologies were received.</p>	
2	Declarations of Interest	No further declarations other than those standing were noted.	
3	Minutes of the meeting held 5 <sup>th</sup> July 2022	The minutes were agreed as an accurate record and will be signed after the meeting.	
4	Matters Arising not covered by this agenda	<ul style="list-style-type: none"> <li>Item 4.9 of the Terms of Reference states – <i>'The Board will review these terms of reference and request the Finance Committee to self- assess its performance against these terms of reference on an annual basis and feedback to the Board'</i>. At the last meeting it was agreed</li> </ul>	

		<p>that MA and CA would meet to undertake this review. Following CA's resignation, this review had not taken place and the Finance Committee agreed to put this on hold until August.</p> <p>AGREED – Review of the Self-Assessment against the Terms of Reference will take place in August 2023.</p> <ul style="list-style-type: none"> <li>• Due to CA's resignation, he had not attended the Strategic Finance Workshop but AH had attended as a Chair of Holywell LGB, so there was Trustee input.</li> </ul>	
5	<p>Management Accounts December 2022 including Q1 re-forecast</p>	<p>The CFO circulated the December Management Accounts prior to the meeting.</p> <p>Q1 has been completed and was reported in the management accounts. Income is £168,000 ahead of target so far this year. East Stour received an un-budgeted one-off grant of £43,000 towards remedial roof works and Bysing Wood received the long-awaited KCC funding of £50,000 and the accounts show above-budget levels of nursery income. We were also cautious about the high needs funding at Briary and Bysing Wood. These are the main reasons behind the significant income variances.</p> <p>Some of the schools are now spending the additional in-year grants so there is now some monthly overspending on pay. The non-pay is very close to the budget overall with some reasonably minor overspends and underspends off-setting.</p> <p>The CFO advised that the management accounts now include a report setting out the reserves by school and centrally held reserves. This report shows the three strands to the Trust's revenue reserves and single capital reserve. The revenue reserves are a percentage of the GAG funding, which is for larger items that the schools want to save up for. The second set of reserves is to mitigate against any disasters and is £25,000 per form of entry. The third set of reserves is the Trust reserves, which is 2% of the Trust turnover.</p> <p>The capital reserves are for money coming in for specific capital projects and will ultimately be spent in full.</p>	



		<p>The Trustees queried whether there was a plan for spending the additional reserves received for energy savings. The CEO advised that Steve Whybrow (SW), Director of Estates and Summer Macer (SM), Director of Operations, were working on some options, with a deadline of next week. These options will then go to the next LGBs for consideration. The Trustees were concerned that we were under a tight timeframe to spend the money and the CEO advised we have until the end of the next financial year. MA had been advised that the LA were happy to roll over the money if there was a plan to spend it. SM and SW are looking at pooling the money as a capital project for greater impact. The Committee discussed some ideas of how this money could be spent.</p> <p>The Trustees noted that the reserves were being generated through two sources and the CFO advised that the revenue reserves can be converted into capital reserves. The Trustees queried if, where money had been received, work started but funds not paid out yet, whether these were based on recent bids or if there was some underspend. The CFO advised there was only a small amount of underspend. The Trustees agreed it would be helpful to have an added column showing CIF bids, so they can see what money is committed. The CFO will add this column. The bid by Queenborough (item 6) will be out of revenue reserves and will be converted to capital. The CEO confirmed that revenue reserves can be reduced, especially at Queenborough and East Stour. There are some leadership complications that needed to be resolved at Palm Bay, which will impact staffing costs. The Trustees confirmed that if East Stour came forward with a project we would be supportive, however it was acknowledged that if they wished to put in a CIF bid, they will need some reserves to add to the bid to be successful. The CEO advised that there will be a time when we are not eligible for CIF bids and will receive an annual block capital grant and at this time we will need an estates plan, but this will be added to the Terms of Reference.</p> <p>The Trustees queried if there were any current CIF bids and the CEO advised there are currently three bids. Queenborough and Briary did not submit a bid. East Stour have submitted one for their roof, Bysing Wood have resubmitted and offered a contribution. The CEO will check the details for the Holywell bid and advise the Trustees. The CEO advised that although we now have three schools that are fully fire-proofed following £1m work per school spent, the work has been very disruptive and does not have any impact on the children directly.</p>	<p>CFO</p> <p>CEO</p>
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6	Queenborough Capital Project – Playground	<p>This item was on the agenda for approval from the Trustees. A paper was prepared to support this bid and was circulated prior to the meeting. The bid was presented to the Queenborough LGB but due to the cost, needed approval from the Trustees. Queenborough will be using some of their reserves and this is a long term project and is sustainable.</p> <p>The Trustees queried that they would usually see the three tenders but were happy to agree with this proposal, which is the one that the school wanted. The CEO advised that the fire regulations have been checked. GR has visited the school and seen the plans for the project and was supportive of this project.</p> <p>The Trustees were happy to approve the project.</p> <p style="text-align: center;"><b>APPROVED – Queenborough Capital Project - Playground</b></p>	
7	Update on Financial Challenges	<p>The CEO completed an update paper, following a request from the Finance Committee. This was circulated prior to the meeting. As the Management Accounts were on the agenda, the CEO had not included a finance paper.</p> <p>Due to the high levels of SEND and pupil premium, we have a high number of support staff and the majority (217) across the Trust are currently receiving pay below the new minimum wage. Schools will receive an additional amount of non-ring-fenced funding from 1<sup>st</sup> April 2023. This is calculated by a base lump sum of around 4.5K per organisation. There is then £119 per pupil and an additional £104 per pupil who attracts Pupil Premium Funding. In total this funding amounts to around 250K and will cover most of the salary increases.</p> <p>The CEO advised that the larger challenge is that the significant rise in the Living Wage has effectively contracted the lower pay ranges meaning that experienced, skilled and qualified support staff will now be earning the same salaries as unqualified and unskilled staff. This is a significant challenge and the CEO has looked at this with the LGBs and leadership teams to see what the options are and check the affordability of dealing with the issue.</p>	

		<p>The increase will be applied from the 1<sup>st</sup> April, and then the CEO will undertake some work to try to retain our good staff.</p> <p>The Trustees acknowledged this is one side effect of our high numbers of high needs and SEN but were aware that KCC were already trimming back the funding. The CEO advised that we are being directed to take more vulnerable children and, until we have clarity and KCC have put their plans in place, this is an unknown. The Trustees discussed the implications of any changes. It is hoped that within the changes, there will be more clarity around what support children will get. The Trustees acknowledged that we are unable to move all the pay scales up in line with the increase in minimum wage to stop the concertina effect, however this had implications as staff might get more money elsewhere or will not want to take on extra responsibility for the same money. The Trustees will need to look at how we chose the rate and what system is used. The Group are looking at this through job evaluation.</p>	
8	Any other business	<p>The Strategic Finance Workshop was a training session led by the CFO on the 11<sup>th</sup> January 2023.</p> <p>The session was open to Headteachers, some Senior Leaders, School Business Managers and members of support staff, plus LGB Governors who have responsibility for finance. The CEO worked through a process around what is our moral purpose, ethics and financial implications, with a view to making a decision whether our schools have an appetite to leave KCC terms and conditions for support staff. In April we can lift the bottom range to minimum wage and leave the other ranges, or we continue to follow Kent range and there will be redundancies. The CEO wanted to explore implementing a new pay scale for support staff, over a period of 15 months in 2024. Alongside this we have started to create a fixed point pay document which provides set levels of support for support staff, which would simplify bands up to 7 at fixed rates and top rate is for Business Managers or senior level at group size bands. This has been looked at using the Hays review process, job evaluations and looked at the main factors around size and accountability and amount of people they line manage. SM has compared private industry and other Trusts who have moved away. This will not come back to the Trustees until all schools agree on it. At the moment five schools are keen and one is more reluctant. This may impact on growth plans. The CEO has asked the Kent MAT Association to work with us collaboratively and there is a</p>	



		<p>meeting in March which the CFO will also attend. There are five or six other Trusts who want to look at this as a piece of work.</p> <p>The Trustees agreed they would support this if terms and conditions were enhanced. Although it would be hard to implement, the CFO suggested this could be done via TUPE arrangements for new schools or could only effect new staff. The Trustees acknowledged that when looking for any new schools, it would be a challenge to get this past Governors, as they will be paying more for support staff. The CEO felt that the Trust was three schools away from being financially viable, however if we do not grow, the Trust is more vulnerable for the future and we could rely on mergers. The Trustees agreed that the work should be undertaken and a decision made later as this is a bigger piece of work. The CEO felt having less staff but paying more would add quality.</p> <p>The CEO advised that there were four schools that she worked with right to the end and then the Governors declined. The CFO confirmed we need six more forms of entry so 3 x 2 would work. The Trustees queried if it would be sustainable to look at special school provision within our model. The CEO advised that opening a special school would not be impossible but she is in discussion with one special school Headteacher. The Trustees agreed that Kent is very diverse and a difficult area to make it work.</p> <p>The DG asked MA to check the dates for the Finance Agenda Setting meetings and let her know if not convenient.</p>	
9	Matters considered confidential	There were no matters considered confidential.	
10	Date and time of next meeting	Date and time of next meeting: Wednesday, 29 March 2023 at 2pm	

There being no further business the meeting closed at 4.02 pm.



Signed: 

Print: Michael Ashley

Date: 29 March 2023