

**MEETING OF THE FINANCE & RESOURCES COMMITTEE**

**BOLTON IMPACT TRUST**

**FRIDAY 15 JUNE 2018 AT 1.30PM AT YOUTH CHALLENGE**

**Present:** Tony Grimshaw (TG) – Chair of Committee, Paul Hodgkinson (PH) - Executive Principal and Mary Powell (MP)

**In Attendance:** David Smith (DS) - Finance Director, Jemma Stamford (JS) – Business Manager and Emma Stoddard (ES) – Clerk

**TONY GRIMSHAW IN THE CHAIR**

**1. WELCOME AND APOLOGIES FOR ABSENCE**

Trustees were welcomed to the meeting.

An apology for absence had been received from Allan Slater (AS).

**2. DECLARATION OF INTEREST**

No declarations of pecuniary interest were made.

**3. NOTIFICATION OF ANY OTHER BUSINESS**

There were no items of Any Other Business reported.

**4. MINUTES OF THE LAST MEETING AND MATTERS ARISING**

**Agreed:** To approve the minutes of the Finance & Resources Committee meeting held on Friday 9 March 2018

DS informed Trustees that any matters arising from the last minutes would be discussed as part of today's agenda.

**5. FINANCIAL MONITORING REPORT 2017/18 – SUMMER TERM**

DS directed Trustees to the Financial Monitoring Report for the summer term 2017/18, which outlined the current projected outturn position for the year including variances from the previous reported position, the Trust's capital position and the anticipated cash flow position.

**Projected Financial Position**

DS reported that the projected financial position, based upon currently secured funding, was projected to be a deficit of £10,000 and a breakdown of the income, expenditure and net position of each Academy was provided. MP expressed concern that in March the financial position was reported to be a projected surplus of £81,000 but this was now projected to be a deficit figure and asked how there could be such a variance. DS stated that the variance was considered to be relatively small taking into account the total turnover and he considered this to be within the usual tolerances.

### **Cost Variances**

DS highlighted the cost variances, which included:

- Additional cost of £25,000 transporting pupils to the PLC and £12,000 to Park School
- Additional premises costs at Youth Challenge of £30,000
- Costs for a Learning Mentor / Driver / Caretaker at the PLC of £12,000 in the current year

MP stated that she assumed the monitoring of transport costs would fall within the School Business Manager's remit and asked for clarification on this. DS stated that monitoring of finances was within his remit as Finance Director, due to the current financial position of the Trust. The Chair stated that any transport cost variances should be able to be picked up mid-term if robust monitoring systems were in place. PH added that it was difficult to predict transport costs for the PLC as this was a new centre. DS reported that he had increased the projection for the PLC and Park School due to the increased costs. DS stated that there would always be variances to the budget and fluctuating pupil numbers also made it difficult to make accurate predictions. MP stated that she understood that there would be variances on pupil numbers but costs should be able to be predicted. TG stated that it would be sensible to overestimate some variances to reduce the impact on the budget.

Trustees were informed that the additional premises cost of £30,000 at Youth Challenge was currently being challenged.

### **Income Variances**

DS reported that there was reduced income at Lever Park of £20,000 due to an inability to secure SEMH2 funding for a pupil who had arrived in December 2017. MP stated that it would be sensible for the Trust to always project for SEMH1 funding due to the unreliability of this funding.

Trustees were informed that there were currently seven pupils at Lever Park who required significantly greater support than the SEMH1 category currently being funded. This would generate £200,000, which would support the cash flow position. The Chair stated that the Trust could not continue to accept pupils without adequate funding first being in place. It was noted that the Chair of Trustees and the Chair of

the Risk & Audit Committee had contacted the LA about this but as yet no response had been received.

DS provided an update on the agreed financial strategy for 2017/18. DS reported that he would send the Financial Monitoring Report and Budget Report to the ESFA to ensure that they were kept fully informed of the financial situation.

**Agreed:** To receive and note the Financial Monitoring Report 2017/18

## **6. BOLTON IMPACT TRUST – BUDGET REPORT 2018/19**

Trustees were directed to the Budget Report 2018/19, which outlined the proposed budget for 2018/19 prior to strategic options, the strategic options to meet the financial deficit, the staffing establishment and the capital position for 2018/19.

DS reported on the significant variances, which included the nationally agreed pay award of 2% per annum (£95,000 impact) and increments for existing employees (£61,000 impact). MP stated that the Trust would need to increase their costs in turn to cover these variances.

DS highlighted the assumptions on which the proposed budget had been based and stated that if assumptions changed this would create variances throughout the course of the year. DS advised Trustees that the Trust was no longer tied to the LA's Pay & Grading Scheme. This would continue to be used as a basis but the Trust would now have greater flexibility. In response to questions DS confirmed that the Trade Unions had been content with this.

### **Financial Strategies for allocating Central Team costs**

DS highlighted the services currently included in the Central Team costs, charged to each Academy. MP asked whether the costs charged to each Academy were fair and suggested that Academies and Local Governing Boards be asked for feedback on this. DS highlighted the proposed strategies that could be used for the allocation of central costs for each academy. These included: time spent, turnover, employee numbers, pupil numbers or alternatively central costs could be divided equally. An example of how this would work and the proposed charges for each Academy for the 2018/19 financial year was provided. MP requested the information shown as a percentage of each Academy budget. This information was collated and presented; MP expressed concern that the percentage being charged was significantly above the average amount. DS stated that many services were included in the BIT Central Team costs i.e. SLAs, ICT costs, which other Trusts may charge for separately. MP suggested that this be reviewed and further suggested that this be re-named Central Services, rather than Central Team. TG concurred that this would emphasise the services available, rather than just personnel. MP stated that the Connexions service should only be charged to secondary academies and asked if it would be more cost effective to create a HR / Payroll / Pensions role in-house. The Chair of the Committee stated that he had

completed a two day audit, which had probed these areas. The report was currently being awaited but would be shared with Trustees when available.

DS reported that without the adoption of strategic options to address the budget shortfall, a proposed budget would be £333,000 in deficit. The target position for the Trust was a minimum surplus of £124,000. The strategic options were presented as follows:

- Lever Park re-classifications
- Restructure of Leadership Team at Lever Park
- Cessation of use of Alternative Provision
- Transport Review
- Review of place funding or increase in PRU top-up charge from £66 per day to £71 per day
- Trading for High Yield places

In response to questions DS explained that the restructure at Lever Park would only provide part year savings in 2018/19 due to this not being able to be implemented until January 2019. Trustees were informed that the proposed restructure now included two posts.

The Trust currently incurred expenditure of £217,000 per annum on transport costs. The Trust had already purchased a vehicle and employed a driver for Park School and a part time driver for the PLC to reduce these costs. DS advised that further plans included staff collecting pupils, using the correct procedures and protocols.

PH circulated a document titled 'Capacity Plans for 2018/19 – Providing statutory provision whilst selling high yield places'. This showed the actual capacity for each Academy and any additional leverage, which totalled an additional 60+ places across the provisions (excluding Youth Challenge Primary). In response to questions PH reported that Clause 1.6 of the Bolton Service Level Agreement was not being adhered to by the LA and the high yield places could be offered to out of Borough Local Authorities and schools at an agreed price. PH added that there needed to be a balance so there was no impact on Bolton children.

MP asked when the SLA was due for review. PH explained that this was due to be reviewed on 1 April 2019. MP stated that it would be sensible to present the revised SLA in September in preparation for signing in April. This may help to prevent any unnecessary delays. PH informed Trustees that he would report back to the Chair of the Committee following the meeting with the LA on 3 July 2018.

MP questioned whether the amount being charged to schools was enough. DS reported that this had increased from £66 to £71. TG stated that the Trust needed to know from the outset how long support would need to be provided to enable forward planning.

### Three Year Forecast

DS directed Trustees to the Three Year Forecast, which was based upon anticipated inflation levels and increment commitments. Trustees discussed the forecast and agreed that variances in income and uncertainty around funding and pupil numbers made it very difficult for the Trust to plan ahead confidently.

**Agreed:** That the Budget Report 2018/19 as presented be approved

**Action:** DS (rename Central Team as Central Services)

PH (report back to TG after LA meeting on 3 July)

PH / DS (present revised SLA to LA in September for signing in April 2019)

### 7. DATES OF NEXT TRUSTEE COMMITTEE MEETINGS

**Agreed:** That the next meeting dates be as follows:

Friday 16 November 2018 at 1.00pm

Friday 8 March 2019 at 1.00pm

Friday 14 June 2019 at 1.00pm

### 8. ANY OTHER URGENT BUSINESS

There were no items of Any Other Business.

### 9. CONFIDENTIALITY

PH reminded Trustees of the need for confidentiality around today's discussions and stated that the detailed reports circulated with the agenda should remain as confidential documents.

**Agreed:** That none of the matters discussed at this meeting be designated as confidential in accordance with the Academy's Memorandum and Articles of Association.

The meeting closed at 2.40pm

### SUMMATIVE ACTIONS:

Minute No.	Responsible	Action
6	DS	Rename Central Team as Central Services
6	PH	Report back to TG after LA meeting on 3 July

6

PH / DS

Present revised SLA to LA in September

Signed as a correct record:

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Date:

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(Chair of Finance & Resources Committee)