

The Heath Family (NW) Multi Academy Trust
Minutes of the Extraordinary MAT Board meeting held on
Wednesday, 7th February 2018 at 12.30 pm

<u>Present:</u> Peter Cook (Chair), David Donnelly, Jeremy Barnes, Morag Davies, Denise Allen, David Felix, Margaret Cassin, Jane Ainsworth, Ian Mitchell, Alicia Parry, Judith McConville, Craig Parkinson		<u>Apologies:</u> Steve Rimmer, David Cooper and newly appointed Trustees (Helen Stevenson & Anantha Subramanayam)		Non attenders:	Ruth Hall
					Clerk: Trish Roberts
Items	Discussion	Action	Who	When	Notes
1. Welcome and introductions	Mr Cook welcomed everyone to the meeting.				
2. Update regarding THF current financial position	<p>The audit has now taken place in respect of financial year 2016/17.</p> <p>Mr Donnelly gave an overview of the headline figures reported at the MAT Board Conference, and explained that the predicted deficit currently stood at £879K. He stated that in effect if nothing changed the Trust will run out of money within the next few months.</p> <p>The ESFA were contacted by Mr Donnelly just before Christmas to alert them to the Trust's financial position and that support would be needed. The Trust received documentation (Template Recovery Plan) from the ESFA for completion; which has been done and sent back. The Trust is now waiting to hear back from the ESFA.</p>	MAT Board to be notified of ESFA response	D Donnelly	Once received	

	<p>The MAT central team are working on processes to introduce strict financial controls; overstaffing across the Trust is also a major concern. There is a need to understand the historical position and how we have arrived at where we are now; but there is also a need to agree how we are going to manage budgets going forward.</p> <p>They are also looking to implement a central procurement strategy, central services and a coherent capital strategy.</p> <p>Mr Donnelly is also looking to implement the Outward Grange model in terms of budgeting; ie:</p> <p>75% of income spent on staffing (50% Te / 20% Support) 20% on other costs 5% to go towards Trust central contingency</p> <p>Mr Donnelly noted that the Trust/Schools will find the process really difficult, especially in light that the MAT-wide staffing percentage currently lies at 82%.</p> <p>Q: Are these percentages after top-slice has been deducted? A: Yes</p> <p>It was noted that if this model had been put in place in the past the Trust would not be in the position it finds itself in; and that it would have been in a position to support its schools through current financial pressures.</p>				
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	<p>Schools are also being asked to identify a further 2% savings for this year. This is a nominal figure, which the ESFA could come back to ask that further cuts are made.</p> <p>Mr Donnelly confirmed that:</p> <ul style="list-style-type: none"> • centralised restructuring costs would include pay protection; • any decisions in relation to contingency spend would be made collaboratively; • a recovery plan would need to be produced/negotiated; • if the loan is agreed by the ESFA, a financial notice to improve will be put on THF. Following this the ESFA will monitor the Trust very closely and if it fails to adhere to the financial notices, schools could be rebrokered. <p>Q: Is there a risk that this could lead to negative media coverage?</p> <p>A: Yes, but schools will continue to function; and once the loan is paid back the notice will be removed. The ESFA will also ask what has been put in place to ensure that this does not happen again. It is therefore vital that Recovery Plan actions are delivered on time.</p> <p>Discussion followed school funding and the implementation of the National Funding Formula.</p> <p>Mr Donnelly explained that considerable work has already taken place in terms of looking at staffing structures and if the changes are made the MAT-wide staffing percentage for 18/19 currently stands at 78.4%; some schools have managed to reach the 75% level, but others still have work</p>				
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	<p>to do. It was noted that the next 3% will be much harder to reach in comparison to what has happened so far.</p> <p>Q: Isn't there a risk to standards if we cut staffing to a minimum?</p> <p>A: Other Trusts are successfully using the Outward Grange model; so we will just need to make sure Standards are not affected.</p> <p>Q: Are we overstaffed in any of the critical subject areas, such as English & Maths?</p> <p>A: The biggest areas of overstaffing relate to the Secondary sector. The Executive School Improvement team are currently reviewing the curriculum and staffing structures. It is imperative that the Trust drives out inefficiencies in terms of staffing; this could include decreasing percentage contact time with students, leadership time or alternatively increasing class numbers. (It was noted that Ofsted have not evidenced that class size impacts on outcomes.)</p> <p>Some Principals are finding this process extremely difficult, the Trust is providing as much support as possible, but it has to be made clear that these decisions can't be made at Trust level.</p> <p>Mr Donnelly went on to explain what details were included within the Template Recovery Plan document.</p> <p>Q: Does it take into account Teaching School and School Direct?</p>				
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	<p>A: If there is a teaching commitment attached, then yes. The Trust is looking at taking Teaching School out of the figures so that separate figures can be seen for them.</p> <p>Mr Donnelly explained that the benchmark is “can you run the school for the money that you receive, if not, why?” The bottom line is that if you can’t run them on the income you receive, you will not be able to continue. This means the Trust has to get expenditure inside income. It is also expected that the ESFA will come back to ask why the pupil ratio is different between schools.</p> <p>Mr Donnelly reported that there will inevitably be redundancies across the Trust; and timescales will be tight in order for savings to impact on 2018/19 figures. With this in mind redundancy processes will need to start within the first couple of weeks after half term, in order for paperwork to be signed off/delivered by 31.05.18. Principals/MAT Central Team are confident that they can meet this timeline; but if it can’t be reached it will push back the sign off date to 31.12.18.</p> <p>LGBs also need to ensure decisions are right for the future of their school and governors need to scrutinise what decision are being made, are they rational and will they have impact.</p> <p>Next Steps</p> <ul style="list-style-type: none"> • a presentation to be delivered by Mr Donnelly to each school; showing where we are currently as a Trust, how we got here and what we are doing about it. 				
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	<ul style="list-style-type: none"> • Once decision has been received from ESFA, JCNC to be notified of THF's current financial position. • Procurement review/audit to take place • Top Slice to remain the same. The Trust central team are funded by the top slice, plus external grants (ie Northern Fund) As the Trust is not currently growing we will need to look at central structures as well to ensure the Trust continues to deliver services within its budget. <p><i>Q: How confident are we that the ESFA will accept the proposal?</i> <i>A: Extremely optimistic, they will need to do something to assist. It is expected that they will come back with requests for changes, for example further cuts, different budget model, they could even suggest cuts to be made slower and pay back over a period of time.</i></p> <p><i>Q: Will there be any actions to the Trust over mis-management?</i> <i>A: Not normally, as decisions are made collectively. Procedures/plans are now being put in place which will strengthen the Trust and ensure this will not happen again in the future.</i></p> <p><i>Q: Have we got management in place?</i> <i>A: Governance systems are in place.</i></p>				
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	<p>Q: Specific costs can increase rapidly without being able to budget for them; ie Supply Costs? A: These costs will be monitored closely. Some schools set a weekly limit to how much supply cover can be bought in, others have staff absence insurance; but we do need to be aware of long-term sickness costs. The ESFA are also aware of similar issues. They put RPA insurance in place for academies a few years ago and they are looking at introducing their own staff absence insurance.</p> <p>Q: How many of our schools have bought into the RPA insurance? A: All except TPS as they are a PFI build and therefore unable to take up RPA insurance.</p> <p>Q: Why have we reached this position? A: There has always been an atmosphere of optimism, figures were masked by new conversions and due diligence was not deep enough and therefore some of the schools we have taken on were in deficit on conversion. Cashflow has also been an issue across the Trust.</p> <p>Q: Have we halted any further Trust growth? A: Yes</p> <p>Q: Is the Trust Finance Committee looking to meet more regularly? A: We are looking to increase/strengthen the membership of the committee and no doubt over the next few months additional meetings may well be needed. Also now that the Trust has a Financial Controller in place who has powers to act, greater controls will be instigated. A 3/5 year plan is also in place.</p>				
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	<p>Q: Can the letter that CoGs received from the CEO now be shared with LGBs?</p> <p>A: Yes</p>				
3. AoB	There was no AoB.				
4. Dates of MAT Board and Committee meetings (Spring & Summer Term 2018)	<p>Business & Finance: 8th February 2018</p> <p>Full Board Meeting: 15th March 2018</p> <p>Business & Finance: 8th March 2018</p> <p>Full Board Meeting: 15th March 2018</p> <p>Business & Finance: 17th May 2018</p> <p>Education & Standards: 24th May 2018</p> <p>Full Board Meeting: 28th June 2018</p> <p>Business & Finance: 5th July 2018</p> <p>Full Board Meeting: 12th July 2018</p>				

Meeting closed at 2.30 pm

These minutes are approved as a true record of the meeting

Signed:

[Peter Cook]

Date: 15th March 2018

Chair's initials to record approval of minutes:

Date: 15.03.18