

## **Minutes of a meeting of the Finance Committee held at 6pm on Monday, 27 March**

**Present:** Sajni Patani (Chair of Finance Committee); Claire Bolderson (Chair of Governors); Ashley Smith (Vice-Chair of Governors); Sara Wright (Business Manager); and Mark Owen (Headteacher).

**Apologies:** Dan Hamilton and Jodie Reed

### **Purpose of the meeting**

The principal purpose of the meeting was to discuss (a) the closing position for the 2022/2023 financial year (year ended 31.03.2023); and (b) the budget for 2023/2024 and the projections for the two subsequent years (2024/2025 and 2025/2026).

Before the meeting Sara had circulated a spreadsheet containing (amongst other things) the proposed budget for 2023/2024 and beyond. Sajni and Ashley had reviewed and submitted comments.

### **2022/2023 closing position**

Sara explained that the accounts for the period ending 31.03.2023 will be closed shortly after the year end, although some time will be required for final invoices to be entered on the system.

As matters stand the 'in year' deficit is around £16,000, although this is not a precise number until the figures have been finalised. The main variances from the budget had been discussed previously, being salary increases and agency costs. Sara agreed to circulate the final figures, when available.

### **2023/2024 budget**

The 2023/2024 budget had been circulated and was discussed. It was noted that (a) income has gone up (c.2.1%), but (b) projected expenditure has now gone up by more (c.5.6%).

The result was that the updated budget shows an adverse variance to that presented when the 2022/2023 budget had been signed, given that expenditure has increased by a higher rate than income. The originally estimated surplus for 2023/2024 was now a scheduled deficit for 2023/2024 and this continues and is exacerbated beyond that year. The result was that the closing 2025/2026 position showed a significant cumulative brought forward deficit.

The following matters were raised and discussed: (a) why are agency costs higher than originally projected (with salary costs being lower)?; (b) the status of SEND funding; (c) the nursery provision; (d) recruitment strategy; (e) interactions with the Local Authority; and (f) potential cost-saving initiatives.

## **Agency costs**

It was clarified that the agency costs are higher (and direct staff costs are consequently lower) because a member of staff had left and their replacement had been provided through an agency. The aggregate cost is similar and this should resolve once a permanent appointment is made.

## **Status of SEND funding**

It was confirmed that the SEND funding (£115k) is considered robust and that there may be some upside in the budget (namely some SEND funding for additional pupils, where the entitlement is currently being evaluated; the issue however being that the process takes months to resolve).

## **Nursery provision**

Despite best efforts on 'marketing' the subscription numbers for the nursery are lower than had been hoped/expected. This has resulted in an adverse variance of around £30,000 for 2023/2024. This will need to be actively monitored, given that recent analysis had suggested that the nursery was making a (net) positive contribution.

## **Recruitment strategy**

Mark confirmed that, when recruiting, the strategy was to do so on the 'main scale', so that the salary costs are minimised, whilst continuing to recognise the importance of employing high quality teachers. To date this strategy has proved effective and the school had been fortunate to attract good teachers.

## **Interactions with the local authority**

Sara had discussed the budget with the Local Authority. It was agreed that further discussions needed to take place, in light of (a) the projected deficit; and (b) the work that is likely to be required on addressing the deficit, through a plan (see below). Mark agreed to progress these discussions with the relevant personnel at the Local Authority, in the first instance.

## **Potential cost saving initiatives**

It was noted that a plan would likely be required to reduce the deficit over a three year period, in accordance with the relevant rules/practice. If the school is setting a budget with a deficit for 2023/2024 then we may also be required to join a Project Group with the Local Authority.

It was agreed that Sara and Mark would clarify what is required for budget setting purposes (in May 2023) with the Local Authority, as part of the wider discussions.

In light of the financial position - and as shown by the budgeted figures - it was agreed that Mark and Sara would need to consider the full range of cost-saving initiatives, in order to try and bridge the difference. An initial discussion took place on this and Mark and Sara agreed to have further discussions and to undertake further work on this. They would report back at the next meeting. It was noted that this could progress in parallel with the discussions with the Local Authority.

### **Observations on the funding position for schools**

It was noted it was disappointing that (a) the recently announced enhanced funding for schools had in fact resulted in a very small increase in the budgeted income for the school; and (b) the nationally announced increases in staff salaries has largely had to be absorbed by school budgets, along with energy price increases, with the school's income not being increased to the same extent. The latter point is largely what has caused a previously balanced budget (over 3 years) to fall into a cumulative deficit position.

### **Next steps**

The agreed next steps were as follows:

- Sara will produce and circulate the final numbers for 2022/2023.
- Mark will initiate further discussions with the Local Authority.
  - Mark will brief the Senior Leadership Team on developments.
- Mark and Sara will consider cost-saving initiatives.
- Mark and Sara will clarify with the Local Authority exactly what is required for the May 2023 budget submission process. This needs to be signed off by 26th May.
- the next meeting will take place at 6pm on Monday, 24 April

The meeting closed at approximately 7pm.