

DULWICH HAMLET EDUCATIONAL TRUST (DHET)

Meeting of the BOARD OF TRUSTEES

Date: Thursday, 7 December 2017

Time: 18.30

Location: Dulwich Hamlet Junior School, Dulwich Village, London SE21 7AL

MINUTES

Present:	Crispin Tuckley	Chair	Chair
	Sonia Case	Executive Head Teacher	EHT
	Simon Latham	Trustee	SL
	Patricia Leahy	Trustee	PL
	Rafael Marks	Trustee	RM
	Christopher Parsons	Trustee	CP
	Rebecca Tee	Trustee	RT
In attendance:	Barry Walder	Finance Consultant	BW
Clerk:	Kathleen Formosa		Clerk

1. Welcome & Apologies

- 1.1 The Chair opened the business of the meeting at 18.32, welcoming the members of the Board and others in attendance.
- 1.2 It was **noted** that apologies had been received from Karen Robinson, and these were **accepted**.
- 1.3 It was **noted** that a quorum was present, and the meeting proceeded to business accordingly.

2. Declarations of Interest

- 2.1 There were no interests declared from the Trustees in relation to business on the agenda.
- 2.2 BW declared an interest regarding The Charter, with whom the Trust is considering a merger, and who are also his client.

3. Minutes of the Previous Meeting

- 3.1 The minutes of the DHET meeting of 5 October 2017 (**Annex A**) were **confirmed**.

4. Matters Arising from the Minutes of the Previous Meeting

- 4.1 Matters arising from the minutes of the previous meeting (**Annex B**) were **noted**.
- 4.2 Those matters not reported as actioned or otherwise to be addressed on the agenda were reported as follows:
 - PL reported on her findings regarding best practice in the publication of meeting minutes. It was **noted** that they can be made public by anyone requesting them. Best practice dictates that more transparency is better, and that increased transparency promotes increased confidence in the Trust. It was **noted** that The Charter's practice is to publish LGB minutes online, but to not publish the minutes of the MAT. She recommended that the MAT make its minutes available either through publication on the website, or advising

through the website that they may be requested. It was **agreed** that a notice would be added to the website that the minutes of the DHET Board of Trustees are available by request to the Clerk, with a link to the Clerk's email address.

ACTION: EHT to make arrangements for the notice to be posted to the website.

- It was **confirmed** that the merger FAQ has been updated.
- The Chair reported that discussions regarding additional support for the EHT continue. An agreement has been reached with The Charter to allow the EHT access to various staff for support.
- Ways forward with the results of the part 1 and part 2 NGA surveys will be discussed at a future meeting, as will proposals for increasing clarity in financial reporting.
- The investigation of benchmarking reports is currently pending and will be considered and reported back via the Audit Committee in due course.
- The development of a policy schedule is in hand and will be delivered by the EHT at a future meeting.

5. DHET Audit 2016/17

- 5.1 It was **noted** that the Trustees' report had been circulated in draft, and that the auditors have only provided the financial statements (**Annex E**) today.
- 5.1.1 It was **noted** that auditors have flagged no significant issues in the accounts, and results are broadly in line with expectations.
- 5.1.2 Minor editorial matters needing to be addressed in the report were **noted**.
- 5.2 The balance sheet was **reviewed** in detail.
- 5.2.1 It was **noted** that the pension liability shows a deficit. BW explained that this is an actuarial figure over which the Trustees have no control, and which fluctuates from year to year.
- 5.2.2 It was **noted** that net current assets are strong, and that this is a result of the Trust currently holding capital funds which are expected to be spent in 2017/18.
- 5.2.3 BW stated his view that that the balance sheet is healthy.
- 5.2.4 The Chair stated his view that given the issues DHET has struggled with throughout the year in relation to the DHJS funding overpayment, the end financial result is positive. The Trustees **agreed** that the financial management across both schools has been admirably prudent.
- 5.3 The reserves policy was **noted**.
- 5.3.1 **A Trustee asked for an explanation of best practice for setting a policy on reserves and whether DHET's current practice was in line with recommended best practice.**
- 5.3.2 It was **noted** that the Trustees' report states that DHET has no formal policy on reserves, and it was **agreed** that this should be changed to reflect statements that have been made elsewhere in the report regarding actual practice.
- 5.3.3 It was **noted** that a reserves policy is dictated to a degree by the local authority.
- 5.3.4 BW reported that maintaining a reserve of 3-5% of income is the rule of thumb. Anything above 8% is subject to claims from the local authority.
- 5.3.5 It was **noted** that DHET has previously set aside funds for capital improvement and other specific projects, and these funds have been used within a reasonable amount of time. The MAT's reserves have been as high as 6%, but current circumstances mean that achieving this level of reserves is unrealistic.
- 5.3.6 **A Trustee asked whether pressure to build reserves could be seen as impacting negatively on the MAT's ability to deliver the curriculum it wishes to deliver.**

- 5.3.7 It was **discussed** that the MAT has been successful in maintaining positive outcomes for pupils despite having to make very hard choices and set clear priorities for expenditure. It was **discussed** that the underlying principal is that DHET should continue to not commit to recurring expenditure amounting to more than its normal income.
- 5.4 The notes to the financial statements were **reviewed** in detail.
- 5.4.1 It was **noted** that small surpluses are shown at both schools for the year.
- 5.5 The exceptional circumstances leading to the delay in production of the final accounts were **discussed**.
- 5.5.1 It was **agreed** that approval of the Trustees' report and financial statements would be sought by circulation after the meeting. The filing deadline of 31 December 2017 was **noted**.
- 5.6 The auditor's report (**Annex C**) was **reviewed** and **discussed**.
- 5.6.1 The auditor's recommendations regarding the treatment of the lease at Belham were **discussed**.
- 5.6.2 It was **noted** that the auditor's report included two high priority recommendations, and these were **discussed** in detail.
- 5.6.3 A Trustee asked if the priority attached to individual recommendations in the auditor's report could be explained, and how the Trust's response to these recommendations will be monitored.
- 5.6.4 It was clarified that the auditor's assignment of a priority is attached to the level of risk associated with each recommendation. The Chair stated that a response to the recommendations is normally carried out by the Audit Committee, which then reports back to the Trustees at each meeting.
- ACTION: BW to respond to technical points raised in the recommendations and liaise with Audit Committee who will ensure response and follow-up on all points.**
- 5.6.5 It was **noted** that the board is required to respond in writing to the auditor's recommendations, which is separate to the ongoing monitoring and assurances regarding compliance undertaken via the Audit Committee.
- 5.6.6 A Trustee asked whether the recommendations DHET has received are unusual, or if most schools receive this number and type of list following the audit.
- 5.6.7 It was **discussed** that most of the recommendations are around systems and personnel, which are resolvable and mostly the result of the schools being under resourced in terms of staffing during the year.
- 5.6.8 It was **noted** that the recommendations regarding personnel and systems are the product of a temporary issue that the school has identified and is in the process of addressing. It was also **confirmed** that given the auditors' recommendations, focused efforts would be directed at resolving these issues within the current academic year.
- 5.6.9 It was **agreed** that skilled support around financial management, particularly at the Belham, needs to be increased as a matter of priority.
- 5.7 A Trustee asked whether the auditors will check how the recommendations are being addressed over the course of the year.
- 5.7.1 It was **noted** that Baxter's are the Trust's internal as well as external auditors, with a separate team attending to each function. The internal audit team visits the school once per term, and they will advise and support the school in addressing the recommendations. In the 2017/18 external audit, any recommendations not complete or otherwise remaining outstanding will be noted.

6. Trust Finance & Accounting

- 6.1 A five-year budget projection and repayment scenarios for the DHJS funding over-allocation (**Annex F**) were **reviewed** and **discussed**.
- 6.1.1 BW reported that much of the information is projection, and therefore subject to change. It was **noted** that staffing and enrolment is likely to be stable over the 5 years, and this has been assumed in the projections. Other planning has been done on worst case scenario basis.
- 6.1.2 Potential areas of cost savings over the years and anticipated surpluses were identified and **discussed**.
- 6.1.3 The ratio of staff costs to income were **discussed**. BW advised that current guidance for academies is that staffing should not exceed 85% of income, and the goal should be for this ratio to remain around 80%. It was noted that DHJS is likely to hit a ratio of 80% within 5 years.
- 6.2 The question of whether repayment of the funding over-allocation should be phased over 5 years or repaid in a single lump sum this year was **discussed** at length.
- 6.2.1 It was **agreed** that the repayment should be made in full this year.
- 6.2.2 The implications and financial impact of the repayment within the year were **discussed**. It was **noted** that the single repayment will leave the school with only £116k in reserve. It was also **noted** that while the school expects to recover within 5 years, it leaves the school in a very vulnerable position and potentially unable to weather any unexpected negative event, including reductions to or elimination of the pupil premium, removal of the teacher's pay cap, etc.
- 6.2.3 It was **noted** that BW's spreadsheet and the planning it supported has made it possible for the Trustees to make a decision on this important matter. BW was thanked for his efforts and for his support.
- 6.3 It was **discussed** whether the payment DHJS will make to the ESFA should subtract the costs the school has incurred as a result of having to manage the resolution of the funding over-payment.
- 6.3.1 The Chair and EHT reported that the school continues to seek a high-level apology for this mistake which has been extremely disruptive and stressful for staff and for the Trustees. It was **confirmed** that it was the school who identified the error, and when it was reported to the local authority, they responded that they could not correct the matter in less than 18 months.
- 6.3.2 It was **agreed** that the EHT and Chair will draft a letter on behalf of the Board to be sent to EFSA and copied to the new Academies Minister.
- 6.4 The current financial and accounting systems in use by the MAT were **discussed** in comparison with those in use at The Charter. BW reported that systems in use at The Charter are not as user friendly as those in use at DHET, and so a transition to a use of these systems would require significant staff training as a part of the transition.
- 6.4.1 BW recommended that DHET procure a PS Financials system for the short term, in preparation for the merger in September.
- 6.4.2 **A Trustee asked whether procuring a new system at this time would be a financially prudent decision, particularly as DHET has only just installed its current system 15 months ago.**
- 6.4.3 BW stated that if there is ambition for growth, there needs to be a robust system in place that can be easily expanded and absorptive of other systems.
- 6.4.4 The proposal that a new system is procured was **discussed** at length. It was **agreed** that there should be no decisions about new financial systems until there is a clear position taken on the merger. If the goal is to employ a CFO post-merger, then there should be no decisions made about procuring news systems until that person is in place.

- 6.4.5 The Trustees **confirmed** their view that it would be better for DHET to struggle for a year using two different financial systems than to make a hasty decision regarding a new system that may or may not be useable over the long term.
- 6.5 BW was excused from the meeting at 19:54.
- 6.6 The MAT Financial Procedures Manual (**Annex G**) was **reviewed** and **approved**.
- 6.6.1 The Chair and RT were thanked for the extensive work they have done on the manual.
- 6.7 The minutes of the 13 November 2017 meeting of the Audit Committee (**Annex H**) were **reviewed**.
- 6.7.1 It was **noted** that many of the issues discussed at the Audit Committee meeting had already been addressed in the meeting.
- 6.7.2 CP reported that the view of the Audit Committee is that the Belham needs more support in the day-to-day management of its finance functions, and this matter should be addressed as a matter of priority.
- 6.7.3 CP also reported that preparations for the external audit were not properly and sufficiently carried out, despite clear instructions from the Committee at its September meeting. The result was that the Trustees' report and financial statements were not available for signature at this meeting.
- 6.7.4 It was **discussed** that a lack of timeliness in financial reporting is a general difficulty at both the MAT and LGB level. It was **noted** that the merger may take care of some of these issues, and for this reason there is a willingness to wait for the issues to resolve post-merger.
- 6.7.5 It was suggested that a part-time, junior-level post would take pressure off of the current business manager, and that this may help resolve some issues in the short term.
- 6.7.6 It was **agreed** that the Trustees would deal with this suggestion and related issues in the course of larger discussions regarding staff restructuring later in the year.
- 6.8 A letter from the ESFA CEO (**Annex I**) was **noted**.
- 6.9 The EHT presented a proposal to increase music fees and voluntary contributions across the MAT. She stated that there has always been a gap between income and expenditure for music instruction, but the goal this year is to narrow that gap.
- 6.9.1 It was proposed that music lessons:
- at DHJS (including ensembles) increase from £80 to £90 for 10 lessons; and
 - at Belham (no ensembles) increase to £90 for 10 lessons.
- 6.9.2 It was **noted** that the last increase to fees for music lessons was agreed in 2014.
- 6.9.3 It was proposed that voluntary contributions supporting school trips should be raised from £60 to £75 at both schools.
- 6.9.4 It was **noted** that the last increase to voluntary contributions was agreed in 2012.
- 6.9.5 **A Trustee asked whether there would be a significant number of pupils who would struggle to afford the higher fees.**
- 6.9.6 The EHT reported that there are very few PPG pupils across the schools, and for this reason her view is that the modest increase in fees would not be unaffordable for most pupils' families.
- 6.9.7 The increases were **agreed in principle**. It was further **agreed** that the LGBs should agree the timing of implementing the increases on a timescale appropriate for each school.
- 6.9.8 It was **agreed** that increases to fees for music lessons and voluntary contributions should be reviewed annually.

7. Chair's Report

- 7.1 The Chair **confirmed** that all matters that would normally have been covered in the Chair's report had been addressed as part of the agenda.

8. Executive Head Teacher's Report

- 8.1 The EHT **confirmed** that all matters that would normally have been covered in the EHT's report had been addressed as part of the agenda.

9. Trust Growth & Development

- 9.1 The Chair reported on current discussions with The Charter regarding the proposed merger.

This portion of the minutes has been removed to Confidential Annex B.

10. Governance & MAT Matters

- 10.1 The Chair reported that as discussed at the previous meeting, he and the EHT have met with the DfE. He reported that the meeting was positive, and that their primary interest was in the proposed merger with The Charter.

- 10.1.1 The MAT self-evaluation submitted to the DfE (**Annex J**) was **noted**.

- 10.2 It was confirmed that actions arising from the board skills, self-evaluation and effectiveness audit would be discussed at the next meeting.

ACTION: Clerk to place these matters on the agenda for the next meeting.

- 10.3 The MAT Code of Conduct (**Annex L**) was reviewed and approved.

- 10.3.1 It was agreed that the MAT Code of Conduct would be included as an agenda item for the LGBs at their next meetings.

ACTION: EHT to place the Code of Conduct of LGB agendas.

- 10.4 The terms of office for members of the board were **noted**.

- 10.4.1 It was **confirmed** there will be no governors whose terms expire before the proposed merger date.

11. School KPIs

- 11.1 The EHT reported that improvements to the progress of the small number of PPG pupils across the MAT's schools was the main KPI this year.

- 11.1.1 It was noted that performance against this KPI would be discussed initially with the LGB at each school, with reports to come back to the MAT board in due course.

12. Belham Primary School

- 12.1 The EHT updated the Trustees on the capital improvement project at the Belham, reporting that building works are progressing more or less to plan.

- 12.1.1 The EHT reported that an opening party for the new building would be arranged for 9 February 2018.

- 12.2 The major risks associated with the building project were identified as follows:

- That the building is not operating properly at the time of partial possession and move-in;
- That unexpected change management issues (e.g., necessary amendments to procedures and policies to apply to single site vs. multiple site school) will be encountered; and
- That ongoing issues associated with the project will cause distractions from other issues across the MAT and at DHJS.

- 12.2.1 It was **discussed** that significant snagging issues must be anticipated, and these were identified. The EHT stated that she anticipates there will be significant snagging issues around technology.
- 12.3 The EHT reported that she has had no indication of an Ofsted visit as yet. However, the school is due for an inspection, and preparations have begun.
- 12.4 The minutes of the 4 October 2017 LGB meeting were **noted** and **taken as read**.
- 13. Dulwich Hamlet Junior School**
- 13.1 The minutes of the 17 October 2017 LGB meeting were **noted** and **taken as read**.
- 14. Policies**
- 14.1 The EHT proposed that a formal appraisal policy is drafted for administrative staff, and should be reviewed at a future meeting. The proposal was unanimously **agreed**.
- 14.1.1 It was also **agreed** that as a first step toward formal appraisals for administrative staff, clear job descriptions should be established for all administrative staff. It was recommended that each member of the administrative staff should be asked to write the first draft of his/her job description.
- ACTION: EHT to bring forward for the board's approval an appraisal policy for administrative staff, and confirm that job descriptions are in place.**
- 15. Safeguarding**
- 15.1 The EHT reported that current safeguarding procedures should be reviewed and updated. These will be brought forward at a future meeting.
- ACTION: EHT to review and update current safeguarding procedures.**
- 16. Any Other Business**
- 16.1 There was no other non-confidential business discussed.
- 17. Confidential Business**
- 17.1 The EHT was excused from the meeting during the discussion of confidential business.

This portion of the minutes has been removed to Confidential Annex A.

The business of the meeting concluded at 21:30.

The Annual General Meeting of the members immediately followed the Board of Trustees meeting.

Date of the Next Meeting

Joint Board Away Day (proposed) – 27 January 2018

The next meeting of the Trustees will be 8 March 2018.

KF/kf: 14/12/2017