

WestBerkshireCouncil college alternative education Management Committee

Final Extraordinary Finance Committee (virtual meeting) Tuesday 8th February 2022 at 5pm

Present: Tim Pritchard – Community Governor (Chair) Maureen Sims – Community Governor Judith Fisher – Community Governor Jacquie Davies – Headteacher Darren King – Community Governor (from 5.08pm)		Apologies: None
Absent: None		Duration of meeting: 5.00 – 6.20pm
In attendance: Karen Price (KP) – School Business Manager (SBM) (to 6.05pm) Jill Hills (JH) - Clerk		MC members will be referred to as governors
		Action
1.	Welcome & Apologies Declaration of Any Other Urgent Business Declaration of Business Interests	
1.1	The Chair welcomed those present. There were no apologies, all Governors were present	
1.2	There were no declaration of business interests or any other items of urgent business.	
2.	Budget Strategy 2022/23	
2.1	<p>The Chair thanked the Headteacher and SBM for the Budget Strategy document which had been circulated in advance of the meeting. This clearly laid out the assumptions which were being used in order to construct the budget and enabled Governors to see where the figures were being drawn from.</p> <p>Darren King joined the meeting at 5.08pm.</p>	
2.2	The purpose of the meeting was for Governors to gain further understanding about how the numbers had been calculated, the uncertainties that need to be dealt with and the financial implications of those in order to determine the options available to icollege.	
2.3	<p>The Headteacher advised that the assumptions had been colour coded to indicate green = sure of, yellow = not sure of and blue = known. At the beginning of the financial year icollege received the place funding of £10,000 for 66 learners. The rest of the funding was based on the number of actual learners and the complexity of their needs. However, this information would not be fully known at the start of the year. icollege would be relatively certain of its funding for 5/12ths as it would know which of the learners in situ in the Spring Term will be remaining for the Summer Term. Then 7/12ths of funding could be worked out based on the number of learners icollege knows will be staying from September to March. This would be the Year 11 learners less the Year 13 and 14's. The rest was based on a "best guess" based on the average number of learners placed with icollege during the year as per previous years.</p> <p>Karen Price joined the meeting at 5.10pm.</p>	
2.4	This term, icollege placements/inreach was in demand as more learners than in previous years appear to be falling out of school. In addition, their needs were more complex. What banding those learners would be placed on/funded for is also unknown initially, which contributes to the "rollercoaster" effect on the budget and forecasting. As the Local Authority (LA) and Schools are invoiced for the learners placed with icollege on a termly basis and money received, the deficit would also increase, then decrease throughout the financial year. The final year-end position would not clear until P13 which is used by the LA to make any adjustments at year-end. This process/position is the same every year.	
2.5	The reasoning behind the Heads Funding Group (HFG) review of icollege was to try and reduce this rollercoaster effect by icollege receiving more of its income/funding at the start of the financial year.	

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	The paper which Governors had seen previously was due to be discussed again at Secondary Heads Group on the 10 th February 2022. There were however, flaws in the document already around how many learners were likely to need places.	
2.6	Governors referred to the Funding Table and the Band 1 (PEX), Band 1 (Comm) and Band 1 50% and asked if this meant that learners were coming from different sources. The Headteacher clarified that the Band 1 PEX are those learners who have been permanently excluded from mainstream school. The Band 1 Comm are commissioned places. These are places which the LA are endeavouring to pay for as it was keen to maintain this flexibility so that if, for example, a learner is placed from "out of area", a Looked After Child (LAC) or has moved into the area but not from a mainstream school, it knows there would be a place available at icollege. The LA was also keen to be able to manage the number of pupils being permanently excluded (PEX) by being able to offer a "free" icollege place to schools as an alternative solution. The Band 1 50% would be long or short term icollege placements whereby the LA and the school meet 50% each of the cost. Band 2/3 are SEN learners.	
2.7	Governors asked if there were any unique characteristics relating to those learners who would be funded 50% each by the LA and schools. The Headteacher advised that one reason for these learners being placed with icollege could be because they should have an EHCP (Education & Health Care Plan) but don't. The EHCP would be pursued whilst the learner was with icollege. More typically, they would be learners who were struggling to cope with the routines within a mainstream school. Some might be on an inreach programme, whereby icollege are able to support the learner back into mainstream school. Placements would typically be those allocated via the Pupil Placement Panel (PPP) whereby a school has requested a long term placement with icollege.	
2.8	The Headteacher clarified that the PEX learners would come to icollege via the PPP. The long term placements arrive at Integration initially where they are assessed to see if it is appropriate for them to return to mainstream education. If it is considered best for them to stay with icollege then these placements would also be made via the PPP. It is only learners with SEN/EHCP's who do not currently come to icollege via the PPP.	
2.9	The Headteacher explained that as she chairs the PPP, there has been a potential conflict of interests for a number of years which would be removed should icollege be funded "up front" for learners. Currently from a budget perspective, if it looked as if icollege was going to make a deficit, it would be beneficial for icollege to agree to take learners via the PPP in order to attract the funding. However, the Headteacher advised that the decision process is robust and that there had never arisen the situation whereby icollege took learners for the sake of financial stability, rather than it being in the best interests of the learner.	
2.10	Governors sought clarification about base funding when icollege has more learners than the 72 learners placed with them (66+6POD). The Headteacher confirmed that once the base number of learners have been allocated icollege only receives top up funding for each additional learner, rather than the £10,000 per learner and top up. This would only change if the LA put forward the proposal and HFG agreed. This had happened for Special Schools whereby the LA had proposed that they should receive a proportion of the base funding for each learner over and above the base number as well as top up funding and this had been agreed. No similar proposal had as yet been made for icollege. Governors asked if the LA were likely to agree to the same arrangement for icollege. The Headteacher advised that this had been discussed but there would be budget implications for the LA. Currently the LA budget was £821,000 of which icollege receives £819,000. Whilst icollege has a surplus the change was unlikely to be agreed by the HFG.	
2.11	Home to School Transport (HTST) - Governors asked whether the LA were likely to withdraw this facility as it had been included in the document as a risk. The Headteacher advised that the budget was held by the LA and there has been ongoing pressure to keep their costs as low as possible. Over time the level of support provided for icollege learners had reduced so that learners who are transported by taxi only receive two trips a day. This causes difficulties when learners have split	

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	<p>timetables whereby they are Unit based for half a day and at an offsite activity for the other half. A third journey can be requested and is currently usually approved but it can take some time to confirm this. icollege argues that a learners education may not always take place on one site. For example, some of the Primary learners may have one full day at Upper Lodge Farm and currently icollege is able to persuade the LA that this is where their to and from journey needs to be on that day. However, in some cases it could be that the journey from home to the Unit was shorter than home to the farm. In this case, the LA, if it applied the HTST Policy to the letter, could take the view that they are only required to transport from home to the Unit, leaving icollege to arrange and meet the cost of transporting the learner from the Unit to the farm and back so they could be taken home.</p>	
2.12	<p>Integration Rebuild – The Headteacher provided the background to this for new Governors. The Unit at Calcot consisted of several portacabins joined together. icollege had been trying to convert this into a new permanent structure for between ten to twelve years. The Unit was on a site leased by the LA from Tilehurst Parish Council. The LA had agreed the capital budget for the build but this was pulled in favour of another project which the LA had determined was a higher priority. The build had been put back into the capital budget but was then delayed by the pandemic. The Headteacher had attended a meeting earlier in the day and the LA had advised that a contractor needed to be appointed by 14th February 2022 and be on site by 4th April so that the project can be completed by December 2022. The LA are funding the project with icollege needing to cover furniture costs. Before the contractor could be formally appointed there was a list of value engineering matters to work through. This involved the contractor putting forward a list of areas within the specification where the same product could be delivered at a lower cost. The Headteacher had not seen the list until the meeting. Care is needed to ensure that any changes are fit for purpose given the nature of the cohort. For example, doors need to be solid, with a glass pane and safety hinges, as learners would kick them in. There was also the consideration of replacing the boiler with an air source heat pump, however, the Headteacher had concerns about the robustness of this method of heating. The cost of the project was £1.9million but had increased by 16% and will continue to increase should there be further delays. The new build was unlikely to be ready before Easter 2023 and would probably go over budget.</p>	
2.13	<p>There was also the need to decant learners to an alternative locations during the build as the new structure would be on the same site. The initial plan, had the project gone ahead in 2018/19, had been to use the top floor of Moorside, but this is now occupied by POD+. icollege had requested use of the ground floor at Moorside but this had been turned down. The possibility of using York House had been explored but turned down as it is a housing drop in centre. Other options included a former old peoples home, Walnut Close or Parsons Down Infant School which was due to be demolished. The old school house on the Theale Primary School site had also been suggested whilst the rest of the site is being developed for the new SEMH provision, however asbestos had been found.</p>	
2.14	<p>Governors asked whether once a suitable site could be identified, would the LA be meeting the additional travel costs for learners and staff and other expenses incurred as part of the decant. The Headteacher advised that the LA would be meeting the cost of learner transport as part of the HTST budget. Staff travel costs may need to be met from the icollege budget but what would need to be paid is being discussed with HR.</p>	
2.15	<p>The £1.9million allocated to the project included £30,000 for moving costs. The provision may need to be moved twice. This had been discussed as part of the value engineering areas and it had been suggested that the cost was more likely to be in the region of £10,000. This had been rejected by the Headteacher on the basis that it was unclear where the Unit may be relocated to, it may need to move twice and therefore costs could not be determined. The physical cost of moving equipment etc would be met by the LA.</p>	
2.16	<p>Income – Governors asked whether the £3,056,000 included in the assumptions document included the six POD+ learners icollege may be asked to retain for a further academic year. The Headteacher confirmed that the figure did not include POD+ learners which would increase the income to £3,263,000. Governors asked for clarification as to when icollege would know for certain whether these learners would remain at icollege. The Headteacher advised that this was unlikely to be</p>	

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	confirmed until March 2022. The Headteacher explained that if icollege only kept the 6 POD+ learners with EHCP's, there was no existing provision within the LA for those Year 7/8 learners with no EHCP's and would be needing a long term placement. When the consultation process around the formation of icollege took place in 2017/18, neither schools or the LA were asking for places for learners below Year 9. The thinking behind this at the time had been that Year 7/8 learners were too young to be in a long term placement within a Pupil Referral Unit (PRU) for five years of their education. Since then there had been a steady trickle of Year 7/8 learners who are likely to not have an EHCP in place. Therefore even if icollege does not retain the 6 learners with EHCP's those places are likely to be needed for six Year 7/8 learners with no EHCP. It can take up to twenty weeks to obtain an EHCP. The number of learners in this position was increasing.	
2.17	The SBM advised that due to the uncertainty, a base budget is prepared which is cloned and tweaked on a "what if" basis to reflect the impact of the six additional POD+ learners etc. Between two and four models are therefore prepared with different income and expenditure projections so that the outcome is available once the position has been clarified. This involves more work. Governors discussed that with possibility of just 6 POD+ learners this would still impact on the budget of c£170,000, so the decision was significant.	
2.18	Other uncertainties were around:- <ul style="list-style-type: none"> the cost of the Service Level Agreements (SLA's) with WBC. These renew in April each year and currently the LA had not published what the costs will be. Assumptions around the level of increase could be made, but it was late to not have the actual costs confirmed; whether the Sports Premium Grant (SPG) would continue beyond August 2022; the cost of fuel which is predicted to rise by up to 60%. Due to covid, schools have been following government advice and keeping doors and windows open and heating on. This will increase fuel bills as well as the price increase. Governors asked whether Units use both gas and electricity. The SBM confirmed that it was only Integration who had just electricity.	
2.19	Another complication was that the end of the 21/22 financial year and the end of the Spring Term were not the same. The Spring Term ends six days into the 22/23 financial year. This results in the need to make an adjustment of c£53,000. In addition, there would be an additional bank holiday for the Diamond Jubilee, making 189 school days versus the usual 190 days. This would result in a loss of c£9,000.	
2.20	Governors noted that the budget was being built on the assumptions of the following daily rates:- Band 1 £112 per day, Band 2 £151 and Band 3 £186 and asked if these had been confirmed or was there a possibility of an increase. The SBM advised that these were the new rates for 22/23 financial year and did include an increase. However, the Headteacher advised that these were the proposed rates included in the HFG icollege review report which had not yet been agreed, although it was unlikely that they would not be approved.	
2.21	Governors referred to one of the questions raised in the assumptions report as to whether icollege should apply Band 2 for non SEN learners who need 1:3 ratio support and asked what the implications were and issues relating to this decision. The Headteacher advised that as the LA had a fixed budget, should icollege request Band 2 for these learners it could lead to a reduction in places. However, the High Needs Block (HNB) had been miscalculated resulting in the LA having an additional £900,000 available and it was not yet clear how this would be used. The SEN Team had put in a request to use some of it to provide three more SEN places at icollege. This was despite the LA's strategic decision to reduce the number of places at icollege by two each year for the next three to five years.	
2.22	Governors discussed that there was a history of the scenario whereby at the time of budget setting it	

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	appeared that icollege was heading for an increasing deficit unless significant action was taken, but in reality this situation didn't materialise. The Headteacher advised that this would remain a problem unless the LA change their long term strategy for icollege and SEN provision.	
2.23	Governors discussed whether, should a schools budget reduce significantly for some reason was their provision for the LA to support schools financially so there was a smoother transition. The Headteacher thought this may be the case for mainstream schools where for example, the LA would support any redundancies needed to facilitate a staffing restructure to reduce costs or due to the fall in pupil numbers. The LA was also able to support mainstream schools should they fall into financial difficulty. However, for icollege, should a deficit arise due to an increase in learners compared to places then it was more likely that a proposal would be presented to the HFG and Schools Forum on a "spend to save" basis, as icollege was cheaper than alternate out of county provision. The SBM advised that WBC Accountancy are involved in the review of the budget from P9 (December) and towards year-end as well as the next years proposed budget. If they felt the financial position was unsustainable then they would provide advice/support on how the budget should be utilised to ensure there was no wastage. The Headteacher added that if one of the LA's priorities was to keep the number of PEX learners low, then they would need a provision such as icollege or similar in order to achieve this.	
2.24	Governors sought clarification around the assumptions relating to expenditure, in particular that for SLA's and Offsite Provision a standard inflation rate of 5.1% had been used. The Headteacher confirmed that this was correct. In relation to staffing, the SBM advised that the WBC SBS system is used to build the budget. All staff information was uploaded and preset with information relating to increments, pay/inflation rises, long service changes for Support Staff etc. Year on year this information was then updated automatically and pulled through into the budget build. Premise costs were also largely known.	
2.25	Governors asked whether icollege had latitude to agree rewards for Teachers based on rewarding performance/incentives. The Headteacher advised that there was scope to award Teachers a TLR3 which involves a small increase in pay linked to a specific project. Within the Pay Policy, there was scope to reward the Senior Leadership Team (SLT) should Governors feel this would be appropriate. A Honoraria and Acting Up Policies were in the process of being approved. However, typically the flexibility is not linked to performance but because there has been a change e.g. increase in learner numbers or responsibility. The SBM advised that incremental increases for both Teachers and Support Staff are automatically included in the budget until they reach the top of their grade, at which point only the inflationary increases would be applied in subsequent years. Inflationary increases are determined by the Department for Education (DfE). The Headteacher advised that Teachers progression is linked to the appraisal process, as are Support Staff, however for the latter it would be very difficult not to apply the incremental increase, even when performance was of concern. With Teachers there would be an expectation that they would continue to progress through until the top of their grade had been reached.	
2.26	Governors discussed the use of outsourcing e.g. to offsite activity providers in order to manage fluctuations in learner numbers and needs and asked what percentage of expenditure this equated to. The Headteacher advised that this fluctuates depending on the nature and needs of learners many of whom could not cope with spending all of their time in a classroom. icollege would also receive PPG to support learners which was used to fund offsite activities such as Outdoor Academy (OA,) as none of the Units have onsite P.E./games related facilities. At Primary level this is used to resource Forest School. Governors discussed that icollege does not have formal contracts with external providers which the Headteacher advised was in order to provide flexibility. Autoskills, Upper Ridge Farm, Madeski Football skills etc are bought in on a place by place basis. There was no formal contract with OA but this works well for both parties. Karen Price left the meeting at 6.05pm.	
2.27	Governors discussed that a deficit could occur if demand for places was not as high as anticipated in	

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	which case it would not receive sufficient income/funding from the LA and/or schools to cover the cost of salaries. The Headteacher advised that the "fixed" salary costs are for those staff needed to cover the 66 base funded places. Staff needed over and above this were on fixed term contracts e.g. POD+ which was originally intended to be a one year provision. After two years staff on fixed term contracts would have employment rights. Funding of places "up front" would ensure a more stable financial position as well as reducing the workload of the SBM, as invoicing would not be needed five times a year.	
2.28	Governors asked , given the uncertainties discussed, many of which would not become clearer until the end of March, what the way forward was in terms of putting together next years budget. The Headteacher advised that once the budget had started to be built via SBS this would provide Governors with an indication of the likely budget position based on a number of income and expenditure scenarios. Governors asked when this would be available. The Headteacher advised that a first draft would be available for the next meeting on 1 st March 2022 although some elements e.g. SLA's may need to be included with an inflationary increase applied, if actual costs were not known.	
2.29	Governors asked if there were any areas whereby the Headteacher needed direction from Governors relating to any of the proposed assumptions. The Headteacher referred to the policy around charging for Year 11 learners up to the end of term, rather than up to their last day, which could be the end of June. In previous years, the decision had been taken to charge to the end of term as icollege continues to support learners relating to careers and next steps e.g. visits to colleges. There have been some occasions where schools have complained about this, so it would be helpful for Governors to back this approach should the need arise. The other area related to getting money in from invoices raised which can need Governor support to chase in some instances.	
2.30	Governors asked in relation to income from the Good Exchange whether this should be included in the budget or left blank as there were no guarantees icollege would continue to receive grants/funding for projects from this source. The Headteacher advised that money had been included in the budget as funding had been received that icollege hadn't been able to spend yet due to the pandemic e.g. funding for the music project.	
2.31	The Headteacher expressed her thanks to Governors for being willing to try and get their heads around a budget that is challenging to manage.	
3.	Any Other Urgent Business - none	
4.	Focus of Next Meeting	
4.1	The next meeting would be on 1st March 2022 8am and would focus on:- P10 Budget Monitoring Report. This had already been provided to Governors. First Draft Budget 2022/23 Covid-19 Related expenditure – Governors discussed that whilst a detailed breakdown had been useful at the start of the pandemic, this could now be condensed into a one line total to date figure. SFVS Internal Audit Follow Up Report Policies – Clerk to confirm which policies were due to be reviewed.	

There being no further business, the meeting closed at 6.20pm.

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