**SHS Response and Action plan relating to SRMA Recommendations Report submitted to the school on 20th May 2021**

**Introduction and Background**

The SRMA review was requested by the ESFA in response to Shenfield High Schools submitted budget forecast return for 2019-20 showing a forecast in-year deficit of (£303k). We would like to note that, at no time has an actual overall deficit been forecast and measures have always been taken by SHS to ensure balanced budgets are achieved and forecast for future periods.

The (£303k) deficit was forecast around April 2020 based on expected/anticipated year-end position taking into account information we had at that time. We always try to forecast prudently, and the overall forecast budget for that year was still balanced due to our reserves position. The audited accounts for 2019-20 which were produced in Sept 2020 were based on the actual year-end figures up to 31st Aug 2020. These figures showed the actual in-year deficit for 2019/20 was (£189k) not (£303k). The differences are detailed in the SRMA report on page 11.

Between 2012 and 2021 the school has seen huge swings in pupil numbers, and consequently staffing requirements and funding. Following the opening of a free school in the area in Sept 2012, we saw our pupil numbers drop from 1436 to 1061 in a matter of three years. As pupil numbers in the area grew, and SHS has proved to be a very popular school of choice, we have seen pupil numbers swiftly increase by over 380 between 2015-16 and 2020-21. We are forecasting a further increase of around 60 pupils next year and have been oversubscribed with a long waiting list for several years now. I have included a table mapping our pupil numbers below for reference.

SHS Pupil Numbers 2012 to 2021

|  |
| --- |
|  |
| **2012-13** | 1436 |
| **2013-14** | 1275 |
| **2014-15** | 1156 |
| **2015-16** | 1061 |
| **2016-17** | 1075 |
| **2017-18** | 1184 |
| **2018-19**  | 1293 |
| **2019-20** | 1353 |
| **2020-21**  | 1447 |
| **2021-22 (forecast)** | 1510 |

A large in-year deficit was planned for 2019/20 as we have had to very carefully balance staffing growth against student growth taking into account lagged funding. As intakes (and intake forecasts) increased hugely each year, we have had to forecast the required staffing for current and future years very carefully. Based on lagged funding, we have had to save and use reserves to balance budgets in various years until student numbers stabilised as they have now. With student numbers now stable, staff numbers can remain stable and future financial planning can, and will, include in-year surplus positions each year and a reserves policy that isn’t just for supporting the rapid growth of the school.

**Action plan**

The action plan in response to the requested points detailed in your email of 20/5/21 is outlined below with a heading for each point raised.

**Financial**

Reduction in teaching staff

Based on the Teacher Contact Ratio (TCR) of 0.76, possible cost savings of £85k per year (£255k over 3 years) have been suggested. As stated in the report, this figure does not take into account redundancy costs which would be significant in year 1.

The TCR of 0.76 is documented as Light Green – “Broadly in line with recommendations”, on our latest SRMA Self-assessment return dashboard, although we do acknowledge that against the ASCL metric of 0.78-0.8, we do fall slightly outside.

Our Pupil to Teacher Ratio (PTR) of 17.92 is measured as good against the Kreston benchmarking metrics as noted in the report.

I have re-run the TCR calculations based on our expected staffing and timetabling for Sept 2021, and next years’ TCR is forecast to be 0.78 which is in line with the ASCL metrics.

Our pupil numbers will be increasing further (by approximately 60), from Sept 2021 and as such, any cutting of Teaching staff is not a viable option for consideration at this time.

The huge swings in pupil numbers we have faced over the last few years has re-enforced the necessity for us to make staffing decisions based on current and future expected positions. Any staffing decision made, takes into consideration not only what the immediate requirement is, but also what the short and long term requirements are too. Now that both pupil numbers and staff requirements are more stable, future planning and forecasting will be quite different than it was during our period of rapidly changing numbers.

Our current and future staffing forecasts for 2021-22 onwards, indicate that our TCR will be in-line with benchmarking metrics from next year, and our PTR will remain in-line with metrics.

We are conscious of our average teacher costs being above benchmarking metrics and we already give consideration to replacing senior, more experienced upper pay scale staff with NQT’s or similar as and when they leave. We also regularly review staffing options alongside curriculum considerations to make sure we are recruiting to areas that have an ongoing need and are affordable.

Reduction in support staff

The support staff metrics are showing as high and the curriculum support staff metrics are showing as low, as well as a likely higher than metric spend overall. As stated in the report, this may indicate that some savings could be made and further investigation by the school is required.

I have re-visited the categorisation of support and curriculum support staff for the specific roles of staff in our school taking into account, a review of the guidance in the Consistent Financial Reporting Framework, and discussions with the SRMA during the audit process which were very helpful.

I have then re-calculated the metrics based on our expected staffing for Sept 2021, and taking into account some revised categorisation of roles, this does even out a bit more in-line with benchmarking metrics. This is as expected, and as mentioned in the SRMA report, however we will be regularly reviewing this moving forward.

The points detailed on page 16 of the report around specific areas for consideration will be looked into, as well as ongoing consideration for contracts as staff leave or switch roles.

As suggested in the report, a full look at support staff contracts and positions will be completed and any areas for savings will be identified and implemented wherever possible.

**Non-Financial**

|  |  |
| --- | --- |
|  | **Actions** |
| • To include all staff costs in metrics calculated, to ensure accurate reporting. | This has been resolved based on advice from the SRMA during discussions, by modifying the monitoring reports to include additional data in the calculations. |
| • To include costs the School Development Plan and includes governance and finance areas of the trust. | We will be reviewing our current development plan format against templates\examples from sources such as The Key, and will implement any adjustments we identify as being beneficial.   |
| • To consider enrolling into the RPA for the next academic/financial year. | We are in the process of gathering quotes for the additional insurances required beyond the RPA to compare to renewal costs with our current provider. Assuming the quotes show a saving, we will enrol from Sept 2021. |
| • To make KPI’s used target driven and relevant to the benchmark threshold ranges published to make information more relevant. | Governors have discussed the requirement for a full review of our KPI’s and this will be implemented over the summer term. |
| • To publish the Whistleblowing Policy on the school website, as also noted in the audit reports. | This has been completed. |
| • Ensure accurate and consistent details are published on Companies House, GIAS and the school website. | The one difference in start/finish dates between GIAS and the website has been corrected. Monitoring of the three reporting areas will continue. |
| • Publish details of members/trustees on the school website in accordance with the AFH 2020. | We do have the basic details on the website in compliance with AFH 2020, however we do recognise that more information would be useful. Advice from the SRMA auditor on this was very helpful and in-line with existing thinking from our Chair of Trustees. |
| • Draw together the Governing documents, Scheme of Delegation, Terms of Reference and Financial Regulations. (Sample document shared with the trust) | We are reviewing our current documentation against samples shared and other templates and will make changes over the summer term. |
| • To ensure the Clerk to Governors, minutes the monitoring of impact of Pupil Premium | The monitoring of impact of Pupil Premium is done at Standards and Performance Committee and is included in the minutes. We will continue to monitor and review the recording of this area. |
| • To review clerking arrangements and training. | We employ a professional Clerk for Full Board Meetings and they are trained and experienced. It is noted that the Resources Committee currently utilises a staff member who is listed as “Scribe” and this will be reviewed going forward. |
| • To use confidential items in the trustee meetings to discuss staffing issues. | We do not currently publish minutes on our website but this is going to reviewed next term. We will also review the structure of the agendas to take into account confidential items as suggested. |
| • To improve budget reports to show all monies in-year and reserves and to report on both restricted and unrestricted funds. | Changes have been implemented to our current reports to enhance the information. Discussions with the SRMA auditor were helpful in identifying potential refinements. |
| • To ensure the Risk Register is more comprehensive (Sample document shared with the trust) | This point is accepted and has now been discussed by Trustees at Resources Committee on 23/4/21 where it was agreed that a full review of our risk register will be completed during the summer term. One of our Trustees who has some expertise in the area, will be involved in the review. |
| • To update Contract file and submit to the next trustees meeting for approval. | This point is noted, the contract file will be updated and taken to Trustees meeting for review in September. |
| • Potential energy savings once the BEIS work has been undertaken and further solar panels have been acquired. | Some energy savings are already being seen from the LED lighting installs. The impact of energy efficient windows and solar panels will also be realised. The full benefits should be identified as part of our year end energy cost and usage review in Aug\Sept. School switch service has been investigated previously but will be re-visited again in the future for comparison against our current service from Zenergi. |
| • A staff review would be recommended, especially to address the low ratio found in the Curriculum support staff, with spending against benchmark to be half that expected and also across some support staff areas, such as premises. | We will certainly be continuing to review staffing alongside curriculum and other school requirements as we always do.Specific reviews will be carried out as noted in the Financial action plan section of this document. |
| • Review internal audit procedures. | This has been discussed by Trustees at Resources Committee and some directed review will take place this year. Further enhancements and expansion of scope are expected to be defined and agreed by Trustees later this year and next. Some areas of focus for discussion and proposal will be around, Governance, data retention and compliance, digital network security, energy efficiency, fire safety, infrastructure and services. |

The following points were included in our Auditors information to Trustees, not in the Management Letter which was submitted to ESFA as per the requirements (copy included in documents submitted). These points were shared with the SRMA auditor as part of the process and we are happy to report against them. These have previously been discussed by Trustees and actions implemented as necessary. The Audit findings contained in the Management letter for 2019-20 were “none”, and previous findings have been resolved satisfactorily.

|  |  |
| --- | --- |
| **External Audit** (page 9 of report) | **Actions** |
| Component accounting – the trust does not undertake this for different assets of a similar nature within the trust. | The details of what this would include and the possible implications of implementing this was discussed with Trustees and External Auditors. A decision not to implement at this time was taken but will be reviewed again in the future. |
| Members/trustees – regarding the degree of separation between members and trustees. | This was identified when we had 3 Members, 2 of whom were Trustees. Following the AGM in Dec 2020, we now have 5 Members, only 1 of whom is a Trustee (Chair). |
| Financial Regulations – wording surrounding the capitalising of assets is potentially misleading. | This referred to the wording around capitalisation limits and asset value limits which are recorded on the asset register. The wording has been amended and ratified in the latest Financial Regulations document. |
| ESFA Accounting Officer Letters – it was recommended that the Board minute their discussion regarding the letters received in line with ESFA expectations. | These were discussed at Resources Committee. Following a review by Trustees, these will now be an agenda item on Full Governing Body meetings as well. |
| Internal Review – areas for internal review consideration should be determined by the Resources Committee with reference to the Risk Register and previous audit findings, then communicated to the provider. Significant items for review may include areas not currently covered through the providers’ standard testing programme and require separate review. | This has been discussed by Trustees at Resources Committee and some directed review will take place this year. Further enhancements and expansion of scope are expected to be defined and agreed by Trustees later this year and next. Some areas of focus for discussion and proposal will be around, Governance, data retention and compliance, digital network security, energy efficiency, fire safety, infrastructure and services.  |
| Statutory Filings – trustee changes were filed at Companies House outside of the 14-day statutory requirement. | This was noted that a resignation was registered just outside of the window but is not an ongoing issue. |

|  |  |
| --- | --- |
| **Internal Audit & Summary Report** (page 10 of report) | **Actions** |
| The signatories held by the bank did not agree to those listed in the Financial Regulations. | This referred to Assistant Heads being registered as signatories at the bank and listed in two sections of the Financial Regulations, but not in a third area. This is now resolved and included in the latest ratified version of the Financial Regulations. |
| The Whistleblowing Policy had not been published on the academy’s website. (This has been highlighted earlier in this report) | Resolved |
| One trustee’s Register of Interests declaration form included a governance role in another educational institution. This interest had not been published on the academy’s website. | Resolved |
| As at the date of this review, the attendance records for each trustee at the board and committee meetings over the last academic year had not been published on the academy’s website. | Resolved |

**SRMA Report - notes and comments**

There are just a few points from the SRMA Report that we would like to comment, note, or expand on. These are detailed below.

**Page 2** – Paragraph 2 lists our current pupil numbers as 1343 and should read 1353.

**Page 4** – Balances of the 5-year plan up to 2024-25 show in year surpluses until 2024-25 which has a small in year deficit. This is not the case in the latest 5-year plan which has been submitted as part of this response. A discussion with the SRMA auditor about how income and expenditure increases are forecast and what is included, focused our thinking on how this should be amended in the reports I produce for Trustees to give the most accurate forecast possible. Previously we had almost been working on worst case scenario planning to ensure we got through the period with large variations in pupil numbers and staff planning. The latest 5-year forecast has been produced with the updated (confirmed) GAG income for 2021-22 which has been used to forecast for future years. As stated in the report on page 4, this has resulted in an ongoing in-year surplus position into 2024-25.

**Page 3** – Key Areas of Focus section referring to 2019/20 reads “(Actual £251,066 deficit)” This should read “(Actual £189 in-year deficit)”. It also states that the projected reserves balance for the end of 2020-21 is £114k. This should be £124k. These points are supported by the data on page 4 of the report.

**Page 4** – Paragraph 4 states that “the school exceeded PAN by September 2020”. This should be exceeded PAN by September 2018 as that was the first year we admitted over our 240 PAN.

**Page 6** – Paragraph 7 refers to there being no supporting cost evaluation for the appointment and crossover of the Deputy Head. The cost analysis and decision making notes for this were done at Pay Committee and are documented there. They are not included in the staff facing document which just outlines the strategy and rationale.

**Page 6** – Paragraph 8 refers to ensuring a balance of 6th form numbers to support finances and ensure the right students are on the right courses. Impact of pupil numbers on income and possible variations is discussed at Resources committee but not just specifically for 6th form.

**Page 8** – Last paragraph states that the school does not employ a dedicated clerk. For our Resources Committee meetings, we currently utilise a member of the Admin team however for Full Governing Body meetings, we do have a trained Clerk.

**Page 10** – Internal Audit section – We feel the statement that “The conclusion of the reports submitted is that the internal audit function is not as strong as it could be” is a little strong without context. Our Internal Audit procedures have been fine and in compliance with AFH. We recognise that the requirement in AFH has now been enhanced and we are in the process of updating our internal review scope in line with the guidance which will be in place this year and enhanced next year.

**Page 10** – Section 3- Budgets submitted to Trustees. – Points here have been noted and were useful in re-enforcing our thinking in this area. As details, some changes have already been implemented.

**Page 14** – Point 10- It is acknowledged that we currently have a high percentage of staff on UPS scales and as staff move on we always look for opportunities to recruit NQT’s wherever possible. This balance will be monitored and over time, should even out bringing down the overall cost of teaching as per the metrics.

**Page 14** – Point 15- We have received a letter regarding high executive pay but it should be noted that we are not in breach of the excessive executive pay threshold, as confirmed in the letter. The Chair of Governors also met with the ESFA as requested following receipt of the letter, and gave a clear overview of the schools position and how pay award decisions are made for the Headteacher.

**ESFA Financial plan template notes**

The template has been completed as best we can and Tabs have been responded to as follows:

Tab 3 - Completed

Tab 4 - Self-Assessment Dashboard and checklist included in documents submitted

Tab 5 - A benchmarking report was run on the School Financial Benchmarking site against 30 similar schools in terms of pupil numbers, and SEN. The report focused on workforce data as that is a factor in the SRMA report. Benchmarking and use of VMFI reports for operational and Governance purposes is now well underway and will be embedded in our practice moving forward.

Tab 6 - Completed

Tab 7 - Completed

Tab 8 - Completed using staff data as of September 2021. The ISBL isot tool was used to generate these figures.

Tab 9 - Completed with staff data as of Sept 2021

Tab 10 - Our latest 5-Year budget forecast included in documentation

Tab 11 - This is covered on the 5-Year budget forecast

Tab 12 - Our latest cash-flow report is included in documentation

Tab 13 - Completed for the balance sheets we have available

**Documents submitted**

*Management Letter 2019-20*

*Self-Assessment Tool – Dashboard and Checklist*

*Benchmarking report – 30 similar schools workforce data*

*Latest 5-year budget forecast as of June 2021*

*Latest cash-flow report to end May 2021*

*SHS Financial Plan – Completed ESFA Template*