



Meeting Minutes

Board Meeting

When: 3 October 2019

Where: Meeting Room 1, Watson House, 54 Baker Street, London, W1U 7EX

Present (Board)

- Paul Burstow, chair
- Mark Atkinson
- Eustace DeSousa
- Jane Green
- Sue Gower
- Bev Searle
- Sean Holland
- Mary McKenna
- Katie Brennan
- Alex Fox
- Ossie Stuart
- Annie Hudson

In attendance

- Tony Hunter (Chief Executive)
- Ewan King (Chief Operating Officer)
- Pearl Sebastian (Head of Finance)
- Michaela Gray (Corporate Governance & HR Officer) – minutes
- Ryan Wise (Staff Representative to Board)
- Amanda Francis (Buzzacott – for Item 2 and 4 only)
- Pete Fleischmann (Head of Co-Production – for Item 6 only)
- Hannah Roscoe (Head of Research and Information – for Item 8 only)

Apologies

- Rachel Armitage
- Margaret Lally
- Peter Hay

Apologies and welcome

1. The Chair welcomed members and noted apologies from Rachel Armitage, Margaret Lally, Peter Hay, and added that Annie Hudson would be joining later.
2. It was agreed that the Board would start discussing the agenda from Item 3 until AF arrives to cover Item 2.

Annual report and accounts 2018-19 and external audit outcome

3. AFR gave an overview of the format of the report. AFR stated that her overall comment on the Annual Report is that this document is becoming more important in terms of demonstrating our impact. There is a move away from what we do as a description towards using case studies which can be pulled out to show what we have achieved in the year.
4. AFR noted that if you look back at report over the last 4-5 years, SCIE's income chart has changed from being nearly entirely funded by DHSC to bringing in much more commercial income.
5. AFR advised that one of the responsibilities of trustees is to think about what could do wrong and satisfy themselves that they are as mitigated as possible.
6. SCIE's minimum level of reserves are £2.5m and we are comfortably within that at the moment. Total income has dropped from £6.1m to £5.4m. A significant part of that is the NICE Collaborating Centre contract which ended March 2018. Page 29 shows the breakdown of income, and AFR noted the achievement of going from an established organisation having to reinvent itself in terms of income streams, but added that this still needs to increase. Total expenditure is £6.6m with our biggest savings being around staffing, and we also had more costs in 2018. There is still a £1.2m-1.3m gap between our income and expenditure, but the £1.2m deficit is the figure to concentrate on. The pensions deficit is estimated by the actuary, and our deficit at the end of March was £886k. Page 23 shows our assets, with £227k tied up in equipment etc. A significant proportion of our debtors consists of outstanding funds owed by DHSC, but there are also people we have provided training for so we need to ensure we chase those up. Our creditors at the end of March totalled £942k which is down on the previous period but this is down to timing. Our net current assets total £3.2m, which is what we would have if we had no money owed to us or to others. The pensions liability is not a creditor as this will be paid off over the long term provided we can make our annual contributions. Our balance is relatively healthy, but most organisations collapse do so because they run out of money, so a tight grip on our cash flow is key.
7. AFR noted that MM's question in Item 4 around level of available funding is key as we must not undertake work which ultimately adds to our deficit. AFR suggested we may need to underprice for DHSC but make sure we make back that difference commercially, and added that pricing is key. AFR also added there is value in what we do and we should be proud of it and price it accordingly in our commercial bids.

8. AFR noted the post audit letter shows nothing to flag, and the letter of representation is as standard.
9. The Chair asked for questions.
10. MM asked in terms of the report being more of a marketing tool, should we consider including full blown case studies. AFR suggested a halfway to that to show the shift from having one funder who knows us. Inevitably others will look at the report but it is not currently easily understood so we need to give clear reasons why organisations should use our services. We should make our financials clear, but also our impacts. This would be seen by people who influence decisions which may not be the people we talk to in organisations.
11. MM asked if it is too late to change it this year. AFR noted that we have until December to submit.
12. MM asked what is the ongoing cash outlay regarding the pensions liability. AFR responded that it is £583k. We are awaiting results of the triannual review so this may change.
13. SG agreed with the idea of including case studies and added this would not be just for saleability but for local authorities who want evidence-based support without hiring. SG added that one of our criteria should be to ensure we are on the payment systems of local authorities to ensure timely payments from them.
14. MA stated that reflecting on our relationship with DHSC, being a going concern is very dependant on them. Work and income from DHSC is tapering, so at some point the Board should debate this as it is our greatest risk.
15. MA felt that a defined benefit pensions scheme is a very big liability for a small charity and should be reconsidered. AF agreed MA was right to raise this and while it has been debated in the past it should be considered regularly.
16. BS agreed with the proposed changes to the annual report and that it would be helpful if the finances were made clearer.
17. AH asked regarding the pensions liability, her question is around cash flow and how we might need to monitor, and if there are any key indicators for trustees other than at the Audit and Risk Committee. AFR responded that cash flow is very important for SCIE as we have slow payers. Our cash flow needs to predict our balance at the end of each month and there should be a pattern in which we pay and are paid. Lease liability is also key and we should build that into our forecast.
18. ED stated that cash flow stands out to him too as it looks very tight. We should look at ways to manage this more dynamically. ED also agreed that we need to value ourselves, and with the need to review the pension scheme. Regarding the annual report, ED felt that we need to show our value, but this could be a standalone document either with the report or not, but could be used to promote our impact.

19. ED asked if it is possible to sweat our assets a bit more. AFR replied that turnover cash is quite fast so we can't do long term investments. It is worth shopping around, but we would be looking at fractions of a percentage.
20. OS agreed that regarding pricing, we need to sell at the highest price possible.
21. AF asked what is our exposure to a bank run or failure. AFR replied we are dependant on Barclays and have £85k guaranteed. AFR added she cannot advise on this but noted that some organisations which went under in 07/08 had tried to maximise their interest by using places with lower ratings and higher risk. Barclays is a strong bank. AF asked if we should consider having more than one account. AFR replied that this would be difficult to manage on a day to day basis and while we should keep this under review it this is not currently high risk.
22. SG felt that the pension scheme and liability should be raised as a matter of urgency ahead of the discussion on COL as there could be an issue around perception. AF noted that it is his understanding that it will cost more to leave. AFR advised that it is possible to close the scheme to new entrants. AF queried if this is possible without a penalty. The Chair asked the Audit and Risk Committee to do a thorough examination of the pros and cons so the Board can be clear about the costs of exiting and take an informed decision.
23. AF queried if we could potentially bridge the gap with a loan. AFR replied that there are different options including freezing and added that we will need to take a long term view. The Chair asked if AFR could recommend some independent organisations for advice. AFR confirmed that she could.
24. TH stated that there is something about sharing more strategic thinking, and added that secondly on the issue of pricing we have recently increased our training prices from £750 to £1k per day and we now need to review the consequences of that. TH also added we need to draw a distinction between our defined products and our broader improvement partner work which is hard to price.
25. SG noted that there are capacity issues with regards to new regulations and requirements for learning, and it may be possible to push prices up to £1100 per day.
26. The Chair asked the Board to approve the report, accounts, and letter of representation. The Board agreed.
27. The Chair noted that with regards to follow up actions, we need to develop a reporting format for our cash flow and the age of our debt. Cost is important including pricing and margins, and this needs further discussion and refinement. There is also the question about the 19/20 accounts and what kind of marketing or public facing document we might produce, with more of a narrative in the main report. Regarding strategic discussions in November, we need to budget for 20/21, look at our position with DHSC, consider the pensions review and independent advice, and review accommodation options.

Minutes of the Board meeting of 23 May 2019 and matters arising

28. The minutes were agreed.

Chief Executive's Report

29. TH noted that five members of staff have been promoted into management positions and this is working out well.

30. TH asked if his list summarising discussions at the Away Day were an accurate reflection. It was agreed that it was. The Chair suggested that the senior management team be made aware and asked to share with their teams. TH confirmed they were all aware.

31. TH gave a brief update on accommodation. A working group has been formed including Ossie Stuart, Mary McKenna, and Margaret Lally, to help make informed decisions. TH noted we can invoke the break clause for one or both floors in early January. We are also looking at attracting more tenants to help reduce costs. We are also looking at moving to a hot desking model with the option to work from home. One option would be to move to the third floor only; another is to move to outer London. TH noted that the latter option would again raise accessibility issues. TH added we also have the option to sell one or both leases at a time of our choosing over the next three years. OS advised that the Co-production Group have been informed. The Chair asked that a report and recommendation be brought to the next meeting.

32. TH noted we have been invited by Ros Roughton to consider our offer to DHSC over the next few years in the context of the financial environment and procurement requirements. This offer needs to be bold, essential, and unique. EK gave an overview of the tabled paper on Innovation. The Chair asked for initial comments.

33. MM noted that she attended an event in City Hall regarding a London-wide tech partnership hosted by the Mayor's Office, and added that there was an emphasis on social care.

34. BS suggested that it may be useful to link in workforce drivers and risk for the sector, and how our innovation offer responds to that with new ways of working. BS added there are also initiatives in Health regarding transformation funding. BS also added that regarding data, population health management is coming to the fore and we need to make better use of existing data sets. BS suggested making it clear the impact our work has, and emphasising the action learning methodologies we can bring.

35. ED also noted that DHSC is committed to population health management. ED felt that the paper while excellent could be clearer regarding the quality of service from a user perspective, and the impact of our work drawn out. ED added that his other point would be around the opportunities regarding digital enablement.

36. SH noted that any activity that impacts on demand and supply is a focus for his finance colleagues. SH suggested that two angles might be quality in relation to catastrophic failing, and quality from the perspective of the service user.

37. KB stated she has seen a lot of patchiness around data so there is a lot of value in outlining what the measures are, and help develop or suggest and possibly work with others to take it forward. KB suggested selecting a couple of case studies and doing some deep dives which could form part of a first step offer.
38. AH suggested strengthening SCIE's position on children and adults with a focus on transitions. AH noted there are currently a lack of pathways into adulthood which is attracting a lot of criticism.
39. OS noted that the role of co-production in relation to the workforce and service users, e.g. direct payments could be bolder and more effective. We should consider what quality is and what it looks like, which is something else co-production could help with.
40. AF suggested building a programme of work around how to use co-production, and working closely with TLAP to do so to ensure we both get the full value and benefit from our relationship. AF added SCIE could position itself as a partner in helping organisations move away from traditional management model and being a leader.
41. SG noted that Ofsted inspections and the Ombudsman show what hasn't worked, e.g. SEN and young people being failed by local authorities. SG added that non-maintained schools will also be looking for expertise.
42. MM asked what level of funding is involved. EK responded that this has not been confirmed and we have not been asked to cost the proposal yet. TH added that part of being a good partner to DHSC is our core commission work, and then bidding for additional work like this.
43. ED asked what the possibility of multi year funding is. The Chair responded that this has been raised with DHSC, but they currently only have a 1 year spending review to work to. The Chair added that this is probably a conversation for next year and the year after. The Chair also added that MM was right to raise the question, and that we know DHSC is likely to reduce its spending going forward so we need to think about how we plan for that and increase our commercial offer.
44. AH asked if the reduction of funding is a general approach being taken, and whether there is a possibility that might change or if we don't know. The Chair responded that there is no additional funding in the Department, and it is likely to remain so in the medium term so we need to position ourselves for next year and the year after. The Chair also noted challenges associated with the turnover of senior staff in the Department. The Chair asked for volunteers to consider our relationship with and offer to DHSC. AF, MM, SH, KB and ED all volunteered.
45. TH gave an overview of Appendix A of the report which summarises our current position. TH asked for any comments to be sent to him offline.
46. KB noted this may be an area where we want to build up skills internally. AH added that we need clarity for criteria for evaluation which will help build our evidence base. TH agreed and added a lot depends on the type of client and work etc.

Audit and Risk Committee Report, and Performance Report

47. TH thanked KB for providing support and challenge in her role as Chair of the Audit and Risk Committee. TH noted that we really needed to understand where business is coming from which is why the pipeline is separated into different types of clients and work. We have also focused on understanding the cost of delivering better, which we are still improving on.
48. The Chair queried page 8 of the Performance Report, and asked if integration has been dropped or if it is counted elsewhere. EK responded that the BCST work ended last year and this is the area which DHSC cut the budget from this year. The Chair asked if this had implications for integration as a focus for business growth and development. EK replied that ICS seems to be the new focus but there is a lack of funding so growing this as a business priority will be a big ask and may be something to review. The Chair suggested that we may need to test this out with DHSC and find out what their expectations are.
49. MA asked if the full Board could be sent the minutes of the Audit and Risk Committee. TH agreed that this will be done. The Chair suggested that there be a trial run to see if this adds value.
50. ED suggested that the move to more integrated systems at a local level offers opportunities for potentially larger contracts. ED added that the report is helpful but there may be something about capturing and understanding the impact SCIE is having and he is not sure if this is something the Audit and Risk Committee can do. The Chair suggested that it would be good to have two or three volunteers from the Board to talk to TH on what a useful format for this might look like.
51. SG asked if rooms are let out for e.g. training which would help generate income. EK noted that there is an issue with room availability for us and hosted organisations.
52. BS suggested trying to do a lot of visual management to show how we are progressing, and added it helps if we have a story to tell. BS also agreed with the suggestion to get more benefit from meeting room space.
53. SG suggested marketing training as “masterclasses”.
54. JG noted that for the first time this year, we charged for places at the Co-production Festival and still had excellent attendance.
55. The Chair asked for volunteers as per paragraph 50. ED and AH volunteered.
56. KB suggested trying to build in our co-production work to use as an active management tool. We should define what success looks like to clients and then evaluate against that and show our impact. This could be a robust way to maintain our integration work but with flexibility for different needs.
57. The Chair thanked the Board for the discussion, and KB and the Audit and Risk Committee. The papers were noted by the Board.

Equality, Diversity and Human Rights report and Equality objectives update

58. TH noted that an appendix will be circulated to show the proportion of applications from minority backgrounds.
59. AH noted that some of the numbers involved are very small which can make interpretation hard and raise issues with confidentiality. Regarding the Action Plan, the most marked gap seems to be around reaching out to BME communities. AH felt this seems less strong and asked how we can push on this. AH added it is less about the applicants and more about the materials and work we are doing, we need to make sure it resonates with these communities. The Chair added this also correlates to quality and safety of service.
60. SH asked if we have a special offer on equality and diversity. PF replied that we currently do not. SH asked if there is an intention to develop one. PF responded that we have done special work with LGBTQI communities, and have bid for specific work.
61. OS felt the challenge around reaching out to BME communities is a fair one, and we need to think about this as an organisation and Board. It's good to ask who the audience is and who is missing. OS suggested having a policy on this. OS added we need to think creatively about where we look and what networks our communities use.
62. AF suggested that one way to be stronger would be to partner with related organisations and give strategic advice. We could also consider whether we remain London based and think more about geographical diversity. OS added that a new emerging area to be mindful of is the distribution of poor white communities we are not reaching.
63. The Chair asked for observations on the report. ED and BS suggested minor amendments to some wording which were agreed.
64. BS asked if there is something positive about the value of diversity and its benefits. AH stated that we need to be able to show evidence of how SCIE can help other organisations as well, and to be aware of cross cutting themes and intersectionality.
65. The Chair asked for the report to be updated as per discussions today, and for it to be considered by SET not just as a separate report and policies but by how it informs what we do.

SCIE Children's Social Care Business Plan

66. EK gave a presentation with Hannah Roscoe and RW.
67. SG noted that the "voice of the child" has been superseded by lived experience, so co-production is vital but not yet understood. There is a massive market out there, not just local authorities but also places like children's homes, foster care agencies

etc which all have to be inspected. The Chair asked if this meant considering some kind of audit or associated support. SG agreed.

68. ML suggested working as agency partners. Regarding priorities, ML suggested looking at LSCBs. ML noted the need to evidence effective scrutiny.
69. BS noted workforce issues with a high turnover and difficulty hiring. BS noted the need to get this right as a better experience for staff means an improved experience for young people.
70. JG asked how to get past tokenistic offers of co-production, and suggested a kitemark might be helpful.
71. ED stated that he liked the logic model. Regarding the slide on co-production and an effective and efficient family service, focus is on crisis management rather than a multi sector approach to the overall welfare of the child and their family. ED felt this could be better addressed, and added it is not just about repair but about building a system where parents feel empowered.
72. AH raised the query of how we bring into this work a specific circle of local authorities which sometimes adds to the complexities of co-production. AH added that regarding the points made by SG/ED, there may be something around how we help Children's Services have clarity regarding evidence on what kind of mechanisms work. AH suggested thinking about how we might speak to the schools agenda and how to work with agencies like the police.
73. OS stated that he supervised work with his borough of Camden, but regarding engagement processes rather than co-production which can be tokenistic.
74. SH suggested looking internationally, e.g. New York who are using peer support workers. Signs of Safety has had lots of investment and uses a strengths based approach which has been received positively by the judiciary.
75. SG added there is a model called The Wedge which costed out levels of intervention which is very powerful as it shows us the benefits of early intervention and building resilience.
76. The Chair suggested talking to MOMO.
77. The Board noted the report.

Board annual agenda

78. The agenda plan was noted.

Any other business

79. There was no other business.

Approved: _____

Name:

Position:

Date:
