



**PUBLIC MEETING OF THE BOARD OF TRUSTEES
FINANCE, AUDIT & RISK MANAGEMENT COMMITTEE**

MINUTES

DATE : Tuesday, 14 December 2021]
TIME : 15:00pm
LOCATION: : Teams

Trustees are hereby notified and requested to attend a meeting at the above time on the above date to transact the business set out below.

The meeting will be open to the public, except where exempt information is being discussed as noted on the agenda.

TRUSTEE

END OF TERM OF OFFICE

AC	Asha Choolhun	29 April 2023
CAD	Clive-Anthony Douglas MBE	20 November 2024
PM	Philip Minns	20 November 2024

IN ATTENDANCE

TC	Tom Canning OBE	Chief Executive Officer
SGL	Steven Lock	Chief Finance and Operating Officer
RN	Rose Nelson	Finance Specialist
AA	Angela Ainsworth	Judicium Clerk
MW	Michelle Wilkes	External Auditor -

The Code of Conduct for Trustees requires Trustees to be honest and open with regard to conflicts of interest (either real or perceived). Trustees must not use their position for personal gain in business, political or social relationships. Therefore, a Trustee who has, or may be perceived to have, such a personal interest in a particular matter under consideration should declare that interest, withdraw from all discussions relating to it and take no part in any vote on such matter.

Items marked * are those in which a majority of Trustees may have an interest because of some shared attribute. When considering these items, Trustees should aim to achieve a balanced view, paying particular attention to the sources of information and advice, and remind themselves of their duties as Trustees and to act in the public interest.

1. MEETING OPENING

- 1.1 The chair welcomed members to the meeting
- 1.2 Apologies were received and accepted from Carly Clarke and Mohammed Mamun

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- 1.3 The meeting was confirmed as quorate
- 2. DECLARATION OF INTERESTS, PECUNIARY OR OTHERWISE IN RESPECT OF ITEMS ON THE AGENDA**
- 2.1 No declarations of interest were made
- 3. CONSTITUTION AND MEMBERSHIP LIST**
- 3.1 No item to report.
- 4. PUBLIC MINUTES OF THE PREVIOUS BOARD MEETING AND ACTIONS ARISING**
- 4.1 The public minutes of the **Board of Trustees Finance, Audit and Risk Management Committee** meeting held on **Tuesday, 12 October 2021** were noted and approved. All actions were completed.
- 5. MAIN BUSINESS**
- 5.1 The Committee to consider the contract extension of Academies Finance for both financial management support services and internal audit services.
To secure the services of Academies Finance it was proposed to extend the contract for 2 years to allow for future growth and to have expertise in place across the trust.
Noted and approved by members for ratification by the Trust Board
- 5.2 Finance Specialist and Internal Auditor admitted to meeting.
Noted
- 5.3 The Board to receive Management Accounts from the Finance Specialist. **[tabled on the day]**

RN summarised the accounts

For month to November, period 3, the Trust recorded a surplus of 110k compared to the budget of £83k giving a positive variance to budget of £26k

This period accounts

Total income is on track with a positive variance of £6k, a significant variance (£10k) due to GAG funding as well as a positive variance due to the census return, this was offset by a negative variance on facilities & premises due to reduced income from rentals.

Teaching School Hub variance is due to a different income disbursement pattern for the Ambition Programme so this is not a real variance and will be readdressed in December.

Staffing costs are below budget for this period. The budget was very prudent and assumed all staff would be in the pension, recent change to increase teacher pension will be adjusted next period. This surplus will be ringfenced for the increased teacher pension costs.

Professional services variance is due to teaching School Hub as the cost of external tutors was front loaded this will be re-forecasted in December.

Overall total expenditure is higher than budget due to external tutors and costs associated with The Clara Grant School.

Year to date is on track in relation to total income. From December we will know the disbursement pattern of the Teaching School Hub funding so the budget can reflect this accurately.



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Staffing costs are lower than budget due to the pension cost accrual (ring fenced against the pension funding reduction) This doesn't take account of any additional The Clara Grant staff costs.

Expenditure is higher than budget, but we expect this to stabilise as some schools have front loaded education supplies and increased energy costs. Current advice is not to change energy supplier. Catering supplier costs are higher than budget as some invoices were raised in advance, a credit note expected which will resolve this.

Overall, there is a positive variance to budget

Q: CAD Why is there a discrepancy in the top slice?

A: RN this is due to software issue. There is no discrepancy in the total annual top-slice, however, the software issue is not allocating it correctly over the 12 months period. This is being resolved and will be reflected in Decembers management accounts.

Q: AC You have said there was front loading of education supplies by some schools but are all schools not working to same accounting format

A: RN Yes there is common accounting practices across the trust, however, schools use different suppliers and so some may be offered discounts to front load their orders. AC As a Trust should we look at maximising discounts from suppliers.

RN Yes, the Trust is looking at maximising the efficiency of services across schools.

RN confirmed the Trust have 3 catering suppliers.

Full year position

For the full year RN expects income to be in line with or exceeding budget. Staffing costs are expected to be slightly below budget, as mentioned earlier this surplus will be ringfenced to cover the reduction in teacher pension grant.

Expenditure is expected to be slightly above budget reflecting additional educational supplies costs due to COVID and COVID recovery. With the exclusion of tutoring costs where funding is available these are costs the Trust will need to absorb.

RN expects the overall surplus to be slightly over budget and confirmed that the forecast this year is more realistic than previous years.

RN took members through the forecast against budget for each school with most being on track against budget, to note the following:

- The Clara Grant is a new school for the Trust, there have been additional costs on SIP, initial reforecast is complete. Current forecast is a full year deficit of £198k.

Q: CAD asked what percentage of costs were staffing costs?

A: RN 80% of total costs are staffing.

- Ravenscroft are reporting a significant surplus, but YTD is on track against budget.
- Rosetta has high numbers of pension staff so we expect them to be on track once the ringfenced pension costs are taken into account.
- Shaftsbury is on track YTD; energy costs are above budget. Full year forecast is expected to be on track against budget.


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TC noted that Cleves, Monega, Rosetta, Shaftsbury and Clara Grant are on an internal watch to ensure their financial position improves by year end.

Rose agreed but stated that the Trust needs to ensure they stay secure for rest of year.

- Tollgate is currently reporting a deficit due to catering costs, this will be resolved by credit note from the Catering supplier. Full year is forecast to be on track and the school seems to be fully recovered.

Q: CAD asked for clarification on the catering costs on whether business managers had overpaid leading to credit notes.

A: RN responded that yes, the first month where payment by direct debit was introduced an invoice was paid and money taken by direct debit for same services.

Q: AC asked if schools have reviewed the efficiency of their energy use at a local level?

A: RN agreed this was a good point and operationally will discuss with school estate managers to ensure minimal energy wastage.

SGL noted that boiler maintenance was introduced last year which allows remote monitoring of energy usage, lights on motion sensor have been and a move to LED.

SCITT, RN advised that the first financial planning meeting was scheduled for week of 13th December which should allow a clearer picture.

HQ/ Central services costs are on track against budget, there have been some additional technology and professional services costs and building services insurance costs held at Trust level. Overall, this area is on track for year end with an in-year surplus.

Q: TC asked whether in comparative terms against Trusts of a similar size are we a viable trust going forward?

A: RN stated that yes most of the Trust schools have a healthy KPI for staff costs, income and expenditure. On average the Trust has eight weeks salary reserves which is above the level required for a good going concern which is four weeks. The Trust is in a strong financial position in relation to other Trusts of a similar size.

RN noted that the DfE would like to see Trusts using any surplus strategically, this is under consideration by Trustees as part of the Strategic Development Plan.

5.4 Committee members to consider and recommend to the full board a one-off Teachers' Pension uplift of £1.00 per Teacher. **[tabled on the day]**

RN outlined the reason for the proposal, the pay freeze announced impacts future pension for Teachers and unions have proposed a £1pa pay increase to prevent any adverse impact on future pensions. The proposal has been discussed with the Executive Team and it mitigates any future claim against the Trust, the total cost is approx. £300.

RN confirmed this is a one-off payment to trigger pension protection.

The proposal was noted and approved by members.

5.5 The Committee to receive a summary of the Executives (CEO, DCEO and CFOO) Annual Performance Review and targets for the 2021 academic year.

SGL reported they had met with CAD and an external advisor and set three targets for the Executives



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- To grow the Trust sustainably.
- To secure and stabilise The Clara Grant.
- To take the remaining five schools successfully through Ofsted.

CAD commented that it was the best Performance Management session he had participated in with very clear objectives.

Noted by members

- 5.6 Chair of the Trust to be excused at this point in line with Terms of Reference and item 3.1 above.
- 5.7 The Committee to receive Internal Audit Scrutiny report. **[tabled on the day]**

Clare Muti presented a summary of the report.

The Audit was positive, and it was pleasing to see the actions from last year had been actioned. Overall, the risk rating moved from medium to low, and was low across four internal audits and recommendations were presented.

Academies Financial Handbook (part 3) the Trust must address the suitability of both financial and non-financial scrutiny and address any concerns to Trustees ensuring that any risk is clearly identified.

It was recommended that the findings of the Internal Scrutiny report should be shared with all Trustees.

Q: AC At the next meeting, can we see assurance reports from other sources, such as our annual Health and Safety reports commissioned by external services.

A: SGL, yes, I will add these to the next agenda.

ACTION to share the Internal Audit Scrutiny Report with full Trust Board

- 5.8 The Committee to address item 6.1. **[appendix 2]**
- 5.9 The Chair of the Trust and External Auditors admitted to the meeting
- 5.10 External Auditors presentation of annual audited accounts (August 2021) to the Committee.

Michelle Wilkes (MW) provided a summary of the accounts.

Auditors are about to finalise accounts they are waiting on the energy efficiency report and details of the laptops received by schools through COVID. In terms of the schools capital allowance auditors were finalising where it sits in the accounts.

It was confirmed that the accounts will be in a similar format to prior years taking into account any EFSA changes.

MW noted the following:

- Advisory point - the reserve policy is four weeks of expenditure (£2.5m) reserves are currently £4.7m, the Trust should provide a strategic breakdown of the level of reserves and a framework of treatment of reserves over time.
- Internal scrutiny - for both finance and non-finance policies executive summaries must be included.
- The Audit is unqualified based on current findings.



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- Accounts – these show a loss of just under £3m due to pension fund revaluation but the Trust has an operating surplus of £1.2m, a breakdown of the reconciliation from operating to loss will be sent.
- The Trust has additional GAG funding and capital project funds.
- Teaching school funds have been released back into Tollgate and the new Teaching Hub started in September 2021
- Bank balance has increased to £11.3m due to surpluses noted, an audit adjustment has been made for capital projects.
- Working capital stands at £9m, with unrestricted funds of £4m.
- There are no unusual items to report on the balance sheet.
- There is no change to the accounting disclosures, and no change to the staffing costs disclosure.
- Funding carried forward is £8m this is additional mainly GAG funding.
- Currently the Trust show funds by school however technically you can show funds at Trust level only in the in accounts. Internally figures can maintained at individual school level but rolled up to Trust level for disclosure.
- Related party transaction - two members staff are related to trustees.
- Some mismatch was noted between employee pay records and letters, a list of employees affected will be sent to RN to confirm.
- Trust to ensure the accounts reflect all commitments.
- Trust to ensure income is treated correctly, deferred or restricted.

MW advised on emerging issues

- Governance reviews, there is a strong preference to have an external governance review, MW confirmed the Trust have had one this year.
- Trust to note that if the CEO retires/ moves on they need to advise their regional advisor.
- ESFA have stated that Trusts should tender for external auditors every 5 years although there is not a requirement to change. An ESFA template will be available.

5.11 Committee to recommend the annual audited accounts (August 2021) to the full board of Trustees for formal ratification.

Members agreed that based on the report presented and provided TC, SGL and RN agree and endorse the final audited accounts CAD can sign them off.

6. STANDING ITEMS

6.1 The Board to receive an update on the Risk Register.

It was confirmed that the RED items lay beyond the control of the Trust being:

- Supply issues
- COVID
- Pupil numbers – pan London issue

The remainder of the items on the register are yellow/ green with many remaining stable in terms of risk.



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7. ANY OTHER URGENT BUSINESS

7.1 No items

8. DATE, TIME, AND VENUE OF NEXT MEETING

8.1 The date of the next **Board of Trustees Finance, Audit and Risk Management Committee** meeting will be held on **Tuesday, 1 February 2022** at **16:00** via **Microsoft Teams**.

Meeting closed at 17:06



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