

Meeting	MAT Finance Committee	Date	Monday, 2 nd November 2020
Location	Virtual Meeting via Microsoft Teams	Time	2.00 p.m.
Membership	Jonathan Clarke (JC), Paul Wilson (PW)		
In Attendance	Tammy Mitchell (TM) – CEO, Chris Legg (CL) – Interim CFO, Sharon Hollingsworth (SH) – DoG, Claire Edgeworth (CE) - Notetaker		

	ITEM	COMMENTS	ACTION
1	Appointment of the Chair	<p>The DoG opened the meeting and advised that since the last Finance Committee meeting, PW had joined the Finance Committee, however CL is no longer a Committee member due to his recent retirement from the Board to take up the interim CFO role. The Committee is still one member short following the resignation of DB last year. It was noted that CL was the previous Chair of the Finance Committee and the DoG asked for nominations for a new Chair. PW nominated himself and he was unanimously voted in.</p> <p>The CEO advised that we are currently applying for another school to join the Trust. This would mean that the school would have to disband their Trust Board so potentially one of their Trustees with financial experience would join the Trust. There is no timescale around this and the CEO will keep Trustees updated on the position going forwards.</p> <p>The DoG handed the meeting over to the Chair.</p>	
2	Welcome and apologies for absence	There were no absences noted.	
3	Declarations of Interest	There were no Declarations of Interest noted.	

4	Minutes of the meeting held 20 th August 2020	The Finance Committee agreed that the minutes from the meeting held on the 20 th August 2020 were a true and accurate record. The remote e-signing of the minutes will be undertaken by the Chair following the meeting.	
5	Matters Arising not covered by this agenda	There were no matters arising not covered by the agenda.	
6	Draft unaudited Financial Accounts	The interim CFO advised that the unaudited Finance Accounts were not available, as due to a change in timescales this has not fitted in with the Business Cycle this year. The CFO advised that he is waiting for KCC Actuaries to produce their report to show what our local pension responsibilities are. The report is usually produced in October so the schedule of meetings for next year will need to be adapted.	
7	Management Accounts July 2020	<p>The CFO shared the provisional year-end figures and went through the summary. The figures showed the overall position for the Trust. The CFO advised the budget targets were exceeded but the original budget did not have the roll over from KCC as an income line. The closing figure will include the roll over figure. The end of year work has mainly been completed and the Auditors are due in next week. A Trustee queried who undertook the actuarial work for KCC and the CFO advised Barnett Waddingham are the Actuaries.</p> <p><u>Income</u> Income for the year was ahead of target by £161,000. The bulk of the income is the schools core funding and is approximately £2.3m and are up by £64k. If the figure was broken down it is dominated by Queenborough possibly due to the budget being set at a lower pupil number than they had, and to a lesser degree at Briary. The other major line was the free school meal funding and this had been set quite low at some schools.</p> <p><u>Pay Expenditure</u> This is mainly well controlled but there were some issues with the Headteachers showing in one budget line and the actuals being charged in another but these costs will net off. The Trust had</p>	

		<p>an underspend against pay but one school did have an overspend of £15,000 but this is within a manageable tolerance due to the carry over funding and is within the reserves bought forward.</p> <p><u>Non-Pay Expenditure</u> Non-pay expenditure is underspent overall by £106,000; £74,000 is due to lack of teaching resources being purchased, £31,000 is due to a lack of catering provision purchases and £5,000 lower staff development expenditure, all largely due to Covid-19 and school closures.</p> <p><u>Balance Sheet</u></p> <p>The total Trust asset value is £13,250,000 based on land and building value.</p> <p>The cash value at year end was £826,000 mainly as a result of the carry-forward budgets from KCC for the four schools.</p> <p><u>School Carry-Forward Revenue Amounts</u></p> <p>The four schools had accumulated positive reserves at the point of conversion into the EKC Schools Trust, amounting to £743,000, which was paid by KCC to the Trust during the year.</p> <p>The closing balances for each school at this stage are as follows (opening balances in brackets): Bysing Wood: £12,000 (£47,228) Holywell: £95,000 (£68,444) Briary: £163,000 (£117,996) Queenborough: £532,000 (£500,946) TOTAL: £802,000 (£743,614)</p> <p>It should be noted that these values will not be finalised until the year-end audit has been completed by the Auditors.</p>	
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	<p>Trustees queried if the provisional year-end figures had been communicated to the schools. The CFO advised that he would send the information out to the schools prior to the audit. The Trustees felt this was a positive position but queried how this might look going forward. The CFO noted that educationally COVID-19 had been detrimental, but finance has been somewhat protected so the Trust has been able to save some money. The CFO mentioned that pay will remain the same but if we need to cover staff who cannot work, these costs might increase.</p> <p>The CEO wanted the Trustees to be aware of the work that the CEO and CFO will undertake with each individual school around how they spend their rollover money for the pupils that they currently have, especially where they are carrying over large sums of money and this will form part of quarter 1 re-forecasting. The CEO and CFO will discuss and monitor the schools around using this money and making sure they are not reliant on the carried over money going forward.</p> <p>The CEO and CFO will ensure that there are growth plans in place for Briary and Bysing-Wood so there is a more sustainable picture for them in the future. Queenborough, has a significant rollover and they need to have a clear plan to use this money to improve provision to ensure this money is not spent on unsustainable staffing, as once this money has been spent they will then have budget problems for the future. The CEO and CFO will work with the Headteachers on how to manage this money in their budget.</p> <p><u>Balancing budget</u></p> <p>The CEO advised that there are historical matters with the schools that we need to unpick. Previously the schools did buy into a KCC package which provided them with some account monitoring guidance. Briary made an effort to save money as they had more staff than they could afford and there were redundancy packages going through prior to conversion. Bysing-Wood has very little contingency and there is a priority to help them grow pupil numbers. The CEO is supporting them with marketing and linking with local developers and supporting the school in strengthening pre-school provision and they have spoken to KCC about extending pre-school provision. There are a lot of plans in place for each school and CEO and CFO will be working with them to align the first-year budget and to plan out their long-term future for each</p>	
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		<p>school. The CFO acknowledged that it will take a full year's business cycle to fully understand the timing and extent of the Trust's costs.</p>	
8	ESFA Financial Management and Governance Review update	<p>Trustees noted that following their discussion at the last meeting the Trust had been given a date for the ESFA Financial Management and Governance Review. The Review will take place on 1st December. It was reported that all information and evidence had been provided to the ESFA by the deadline. There has been a further request for additional information which the CEO and CFO are working through, and the deadline is 1st December. JC as Chair of the Trustees also has a list of questions that he is working through. The CEO explained that as a new Trust we need to make certain that we are compliant around governance and finance structures. The CEO will keep the committee updated.</p> <p>On a separate note, the CEO informed Trustee that Briary were selected to have a review of their free school meals procedures and this took place before half term and was 100% compliant, the feedback was that there were no anomalies.</p>	
9	Academies Financial Handbook	<p>There have been changes to the Academies Financial Handbook 2020. The CFO provided Trustees with a summary update of the changes and provided further detail on the following:</p> <p>Governance –</p> <p>1.14 <u>Going Concern</u> There is an extra sentence been added: <i>Trustees must also take ownership of the Trusts Financial sustainability and its ability to operate as a going concern.</i></p> <p>CFO explained the meaning of this sentence. The Trustees discussed the implications if one school was not in a credit balance. The CFO advised that the Trustees have authority to look at this but overall, it is the sum of the parts that matters for the going concern principles. The CEO</p>	

	<p>advised that due to the checks and balances and budgeting and software, a school cannot spend money it does not have so we will not be in a position it could go into deficit. The CFO checks accounts monthly and quarterly reviews to make sure this does not happen. Although officially the money belongs to the Trust, we have an agreement with the schools that due to the levels of autonomy we will not use one school's budget to bail out another school.</p> <p><u>2.5 Scheme of Delegation</u> The Trust should have a finance committee to which the board delegates financial scrutiny and oversight, and which can support the board in maintaining the trust as a going concern. It was suggested that the Terms of Office for the Committee reflects this delegated responsibility. The DoG to check Terms and update if necessary.</p> <p>2.8 The original statement was that the Academy Trust must prepare and monitor financial plans to ensure ongoing financial health but an additional section has been added - <i>Board of Trustees must ensure financial plans are prepared and monitored satisfying itself that the Trust remains a going concern and is financially sustainable. Take a longer-term view of the Trust financial plans consistent with the requirements to submit three-year budget forecast to the ESFA and as part of the management of the Trust funds, explain its policy for holding reserves in its annual report.</i></p> <p>The CFO explained this section. The DoG queried if this would be in 2020 accounts and CFO confirmed this.</p> <p><u>Clerk to the Trustee Board</u></p> <p>1.40 The Trust must appoint a Clerk to support the Board of Trustees other than a Trustee or Principal or Executive of the Trust. The following bullet points have been re-worded:</p> <ul style="list-style-type: none"> • <i>Clerk to provide guidance to ensure that it all works in compliance with appropriate legal regulatory framework and understands financial consequence of non-compliance.</i> 	<p>DoG</p>
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	<ul style="list-style-type: none"> • <i>Administrative and organisational support</i> • <i>Advice and procedural matters</i> <p><u>Register of Interests</u></p> <p>5.46 The Register of Business Interests must be kept up to date.</p> <p>The DoG advised that there is a requirement for Members and Trustee to disclose related parties. The ESFA require this information for their review, also. The existing MAT Declaration of Interest Form will be updated to include the requirement for disclosure of related parties as a matter of course each year.</p> <p>There is a section on “Can employees be members?” which previously the answer was not unless permitted by Articles of Association but this has been amended to state - <i>members must not be employees of the Trust nor must they be staff who occupy staff establishment roles on a voluntary basis.</i></p> <p><u>Working with Trustees</u></p> <p>1.8 – <i>It is important that members are kept informed of Trust business so they can be assured that the Board is exercising effective governance. This must include providing the members with the Trust’s audited accounts.</i></p> <p><u>Executive Team</u></p> <p>The Accounting Officer and CFO must be employees and cannot be working through an agency and the definition of what an employee is in terms of employment law must be fulfilled so they cannot be anything other than directly employed.</p> <p>1.26 – <i>The Board must appoint, in writing, a named individual. They should be a Senior Executive Leader and must be a fit and suitable person. The role must not rotate and must be a</i></p>	
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	<p><i>permanent appointment and Trust must obtain prior ESFA approval if planning to appoint someone who will not be an employee.</i></p> <p><i>1.37 and 1.38 The CFO must be appropriately qualified and experienced. The Trust must assess if CFO should have the appropriate business or accountancy qualification or hold a membership of a relevant professional body.</i></p> <p><u>General Controls and Transparency:</u></p> <p>The handbook states that we have to maintain a fixed asset register and the CFO advised that we have a list of everything from the schools at point of transfer.</p> <p><i>2.12 - Termly review of pupil number projections. The board of Trustees must approve a balanced budget and challenge pupil number estimates and underpin revenue projections and review timely. The Board must minute this.</i></p> <p><i>2.13 - Boards are encouraged to take an integrated approach to curriculum and financial planning so that they are confident about planning the best curriculum for their pupils and delivering the Trust's educational priorities with the funding they have available</i></p> <p>The CFO advised that this ties into pupil projection with curriculum plan and ties into staffing requirement and we have a spreadsheet model that deals with that. The CFO will be providing training to the Headteachers and Business Managers and the Finance Trustees are welcome to attend.</p> <p><i>2.24 - To avoid the use of overdraft.</i> The CFO advised that we are not planning to use an overdraft in the foreseeable future.</p> <p><i>2.32 - Publishing of Executive pay that exceed the limits. The trust must publish on its website in a separate readily accessible form the number of employees whose benefits exceeded £100k, in</i></p>	
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10	Catch up funding	<p>The CEO advised that the Government has released a national project around catch up funding for schools and calling it Universal Catch Up Funding. Each of the academies is entitled to £80 per pupil for year R to year 6. This has been shared with the CFO and the first payment has been allocated and the second payment will come in Spring and be based on October census and final payment of £33.33 will be made in summer term. The idea is that this funding is spent on specific learning activities to support pupils with catch up. Trustee acknowledged that there needs to be over-sight that this money has been effectively spent. The CEO has worked with the Headteachers regarding all the various options and guidance of what is available nationally should they want to spend their funds on national programmes. Each school has made their own choice and is putting together its plan. The CEO has reviewed plans and is now putting together a formalised plan to share with the Local Governing Boards around how they intend to individually spend the money. As each school has different circumstances it is important operationally that they each decide how they want to spend this money.</p> <p>The CEO noted that the money is being spent predominantly on delivering specific support for individual pupils falling behind and all pupils will be involved, and a lot of schools are using it around language-based programmes. It is mainly the disadvantaged pupils who are falling behind especially around language development. Due to the current environment this has meant they have fallen further behind so there is a lot of focus around this.</p> <p>The final plans will be shared with the CEO by mid-November and taken to the Local Governing Boards, the CEO will monitor the implementation impact throughout the year and will discuss with the CFO how this information is shared with Trustees.</p>	

		The Trustees agreed that this is the right strategy as each school has different circumstances and supported the focus on language.	
11	Any other business	There was no further business reported.	
12	Matters Considered Confidential	There were no matters considered confidential.	
13	Date and time of next meeting	Date and time of next meeting 22 April 2021 at 2 pm	

There being no further business the meeting closed at 3.05 pm

Approved Minutes

Remote approval received from the Chair by e-mail on 21st April 2021

Print: Paul Wilson

Date: 21st April 2021