

<b>Meeting</b>	MAT Finance Committee	<b>Date</b>	Monday, 30 <sup>th</sup> March 2021
<b>Location</b>	Virtual Meeting via Microsoft Teams	<b>Time</b>	10.30 a.m.
<b>Membership</b>	<i>Paul Wilson (PW)</i> - Chair, Jonathan Clarke (JC), Chris Argent (CA) – Acting Chair in PW's absence		
<b>In Attendance</b>	Tammy Mitchell (TM) – CEO, Chris Legg (CL) – CFO, Sharon Hollingsworth (SH) – DG, Joanne Harmsworth (JH) - DoF, Claire Edgeworth (CE) - Notetaker		

*\*Italic indicates absent from the meeting*

	ITEM	COMMENTS	ACTION
1	Welcome and apologies for absence	PW had sent his apologies to the Director of Governance (DG) prior to the meeting. The DG had contacted CA outside of the meeting and he had agreed to be the designated Acting Chair for the meeting today.	
2	Declarations of Interest	There were no new Declarations of Interest noted.	
3	Minutes of the meeting held 2 <sup>nd</sup> November 2020	The minutes from the Finance Committee held on the 2 <sup>nd</sup> November 2020 were circulated prior to the meeting for the Trustees approval. The Committee agreed that the minutes were a true and accurate record of the meeting.  The remote e-signing of the minutes will be undertaken by the Chair following the meeting.	
4	Matters Arising not covered by this agenda	<u>Item 9 Academies Financial Handbook – Annual Accounts 4.17</u> The DG advised that the Annual Accounts mention effectiveness of the external auditor. DG will work up a draft evaluation process for consideration by the Risk, Audit and Compliance Committee.  <b>Finance Committee Terms of Reference</b> The updated Finance Committee Terms of Reference were circulated prior to the meeting for the Trustees agreement.	DG

		<p>The Terms of Reference were approved last year but the DG was asked at the last meeting to amend them to include the Trust as a going concern and this has been included under 1.1. There have been no other changes and DG asked for the Trustees to approve the changes. The Acting Chair queried if there is any guidance around a suitable test of a going concern. The CFO advised that the returns we have to send to the ESFA are part of the independent assurance and Financial Statements Audit is the ultimate endorsement of the going concern. The DoF advised that it would have been highlighted by the Auditors if there were any concerns. The Acting Chair feels that this is an important item as we are being judged on this.</p> <p><b>RESOLUTION – a resolution to approve the amended version of the Terms of Reference. Proposer – JC and CA seconded and everyone was in favour. The amendments were approved.</b></p>	
5	Development session:	<p><b>Understanding the Trust’s finances and budgets, funding, expenditure, methods of accountability, how value for money is secured, internal control processes.</b></p> <p>The CFO shared a model spreadsheet virtually and went through this with the Committee. The presented spreadsheet is updated quarterly. At the beginning of the year the Head Teacher will sign off their budget and the CEO countersigns it.</p> <p>The CFO went through the income streams. This is dominated by the General Annual Grant (GAG) and most of the sources are from the Department of Education. The budget identifies what the income and expenditures is for each school and doubles up as a cashflow for the Trust as a whole. Some of the income figures are based on contract and some (the less material values) are best estimate. The latter will become more reliable as we build the history of what is involved for each school going forward. The funding is based on several different formulas. The Acting Chair asked if we have to submit a census and the CEO advised there are two pupil census’ for income and a workforce census for benchmarking.</p> <p>The CFO advised the section with the greatest cost impact is the school’s establishment and there are a series of formulas around salaries and pensions. The budget is phased monthly and the actual figures should be in line with this monthly. If a member of staff starts or leaves there might be a gap so this needs to be captured. Trustees asked if the budgets are audited on an individual basis. The CFO advised it might be part of the internal Auditors rotation of areas to look at but it is an internal planning document. Finance work alongside the school Business Managers and this is validated by the DoF and CFO and this gives the forecast numbers every quarter. The CEO advised that because</p>	

		<p>we devolve to the Local Governing Boards (LGB) they also scrutinise the budget at local level and the ESFA can do aspects of audit e.g. pupil premium spend but this is random. The Trustees acknowledged that the buy in from LGB's is important and should give us and the main board confidence in that we have checks and balances in place. The DoF advised that the CFO and herself have been informed by the schools that they share a lot of financial information with the LGB's and this is another layer. The CEO receives all the minutes from LGBs meetings so can see the schools are being held to account.</p> <p>The CFO advised that the budgeting and quarterly forecasting is a piece of work that is undertaken four times a year and it gives us confidence for the end of year forecast. The CFO stressed the importance of spending time on the Q1 budget at the beginning as it is hard to make in-year savings and dealing with any over-spending takes months due to consultations and notice periods. The biggest risk is payroll so this is reconciled and scrutinised carefully.</p> <p>Under non-pay, monthly amounts are established to help with cash flow estimates. In the budget line, the description can include as much detail as the school wants to see. The CFO advised that as time goes on this might evolve as it is very detailed, but quite unwieldy; as new schools come in it is better to understand what the costs are and to look at any cost savings opportunities, which this details enables.</p> <p>The CFO advised that this then pulls through to the summary income and expenditure account and provides the bottom line figure for the Trust. There is a comparison against the budget that was approved by the Trustees at the beginning of the year and this provides details of any positive and or negative variances.</p> <p>The Acting Chair thanked the CFO for the session and noted that it gave the Committee a high level of confidence and reassurance that there was a good level of detail and scrutiny in place.</p>	
6	Management Accounts – February 2021	<p>The Management Accounts for February were circulated prior to the meeting.</p> <p>The CFO advised that we have had another strong month and in summary we are being supported by the one-off grant income resulting in all schools being in a positive financial position and this is reflected in the forecast. The next Covid claim is due but the CFO does not think we are eligible because the forecasted reserves are too high. The DoF advised that due to the insurance we hold and teacher absences not being high enough, we would not be eligible to claim.</p>	



	<p>The CFO advised that the income in the month is slightly up and this is partly due to one off grant, high needs places and nursery income that is ahead of budget. On the pay expenditure we are running close to budget. On the non-pay we have a few savings because the schools have been running at below optimum levels e.g. not spending on equipment and consumables. All four schools are realising savings.</p> <p>There was a variance where the schools set their budgets and some were calling on their reserves but this is less so now. The Acting Chair queried if the General Annual Grant (GAG) numbers are in-line with budget and the CFO confirmed this was the case. The school funding captures the core funding and with free school meals and high needs funding, we are on budget. There are some other income streams e.g. nursery income and other grants that mean we are £242k ahead of income. The four schools have had their share of the one off grants.</p> <p>Overall, the CFO advised the Trust is in a good position with extra money coming in but this has not resulted in extra costs. On an EBITDA level we are in a very positive position. It had been predicted that we would be tapping into reserves but we have not done so. Capital reserves of £92k was carried forward and we have spent just over half of this money.</p> <p>The Trustees highlighted that the Trust is in good shape and questioned what the position looked like going forward. The CFO advised that the Trust needs to start building up some reserves for a rainy day. The two smaller schools are not in the position to be concerned about excessive reserves and we need to make sure they set realistic budgets and live within their needs. All four schools have managed their costs well this year. The DoF advised they need to look at where they can negotiate better supply contracts by working together. The Acting Chair queried if we could work with the individual schools Finance and Resource Committees in the two weaker schools to try to build up a reserve. The CEO has spoken to all four LGBs around their financial strategic planning. Queenborough are the most confident around their financial position but the CEO feels less comfortable that they have the high reserve and we need to make sure they are spending the money on the children and teaching. The CEO advised that Queenborough was a Teaching School before converting, so they had a profit when they moved over and the CEO needs to discuss this with the CFO. Holywell is nearly always full so the income will remain the same and they will need to cut their cloth accordingly, however they are looking at having a nursery that might bring in some income. The other two schools have had falling pupil rolls but both have long term plans. Bysing Wood are looking at a nursery development and a specialist provision both which will bring in income streams. Both the schools have a building development next to the school which will hopefully bring more children into the schools. There has recently been a land swap at Briary</p>	
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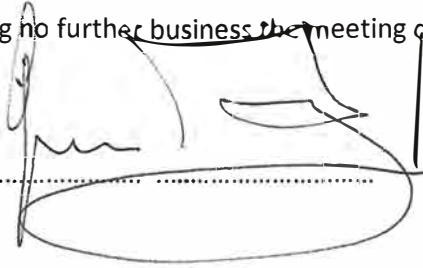
		<p>School and this land is to be used to build more houses. The long term plans are positive but it is about cashflow and the CFO and DoF have held the financial reigns quite closely to make sure they are not eating into their reserves.</p> <p>Acting Chair requests that the Finance Committee continue to keep under review the Reserves of the individual schools, both those with surpluses like Queenborough and conversely the smaller schools who are not in such a favourable position and work with the schools to see how Reserves can be built up. It was agreed that this matter be added to the agenda as a standing item.</p> <p><b>ACTION: DG to add this as a standing agenda item.</b></p>	DG
7	School Resource Management Self-Assessment Tool	<p>The School Resource Management Self-Assessment Tool was circulated prior to the meeting.</p> <p>This is compulsory for Academy Trusts that were open on the 31<sup>st</sup> December 2020. The checklist has to be submitted by the 15<sup>th</sup> April and all the questions have been responded to. This tool is designed by the Government to reassure the Trusts that they are managing finances accordingly and looks at individual school level. This tool is a comparison to other schools with similar free school meal ratios but is not geographical. The DoF feels it is slightly flawed as it is comparative data. The CFO advised that the benchmarking is a starting point to compare yourself to other schools, but does not tell you where you are “right” or “wrong”.</p> <p>The checklist is the main thing that needs to be submitted and the DoF advised all the questions have been answered around internal financial controls and governance. The DG advised that a lot of the information required was submitted in the ESFA audit last year so we had already completed a lot of the work so was quite straight-forward. The DoF advised this had not highlighted any areas that needed to be addressed.</p> <p>The DoF went through the checklist and explained how this pulls through to a dashboard. The CFO had shared the dashboard on a handout prior to the meeting. One of the key areas of comparison is the percentage of free school meals and pupil numbers and it works on a traffic light system. The Head Teachers have all seen these at school level and can look to see how they compare to other schools, so it gives a summary for them to look at.</p>	



		<p>The Acting Chair queried who the comparison was with, and the DoF advised that the tool chooses a comparative school based on the pupil numbers and free school meal percentage. The CFO advised that we will use this form as a steer for next year's budgeting. This endorses what the ESFA and Internal Auditor has confirmed already.</p> <p>The Trustees felt this was a good tool and was a good benchmark. The Acting Chair queried if the Finance Committee needed to approve this and the DoF advised that the Chair of the Trustees needed to sign this if everyone was in agreement. The Committee were all in agreement for the Self-Assessment tool to be signed.</p> <p>The DoF advised that the summary of agreed actions and timetable for reporting back needs completing, so the Trustees were asked if there was anything that they wished to add. It was agreed that there could be an update at budget setting and review in 6 months. The CEO advised that it would be helpful for the DoF to contact the Chairs of the LGBs to review their own benchmarking and the Trustees were in agreement with this.</p> <p>The Trustees felt this could be a useful tool to share with the Trustee Board to enable them to compare with our peers and to see where we are and where we are going.</p> <p><b>RESOLVED: The Committee approved the School Resource Management Self-Assessment Tool for sign off by the Chair of Trustees and onward submission to the ESFA by 15<sup>th</sup> April 2021.</b></p>	<p><b>Chair of Trustees</b></p> <p><b>DoF</b></p>
8	Any other business	The CEO advised that she will meet with the Chair of the Trustee Board to look at which meetings will be face to face and which will be held virtually in the future. The CEO suggested that the Trustee Board could meet face to face and the Committees could meet virtually. The Chair to consider this and meet with the CEO.	<b>CEO &amp; Chair of Trustees</b>
9	Matters Considered Confidential	There were no matters considered confidential.	
10	Date and time of next meeting	The next meeting is on the 7th July 2021 at 2 pm – venue tbc	

There being no further business the meeting closed at 11.40 a.m.

Signed: .....



Print: .....

CHRISTOPHER FREW

Date: .....

11 August 2021