

Meeting	Finance Committee	Date	Tuesday, 5 th July 2022
Location	Executive Boardroom, Broadstairs	Time	2 pm
Membership	Chris Argent (CA) - Chair, Jonathan Clarke (JC), Paul Wilson (PW), Michael Ashley (MA)		
In Attendance	Tammy Mitchell (CEO), Chris Legg (CFO), Sharon Hollingsworth – Director of Governance (DG), Claire Edgeworth – Note Taker		

	ITEM	COMMENTS	ACTION
1	Welcome and Apologies	The Chair attended the meeting virtually and welcomed everyone to the meeting. No apologies were received.	
2	Declarations of Interest	There were no additional declarations to the meeting other than those declared as standing.	
3	Minutes of the meeting held 30 March 2022	The minutes of the Finance Committee held on 30 th March 2022 were reviewed and considered accurate. Proposed by JC and seconded by MA. The signing of the approved minutes will be undertaken by the Chair following the meeting.	
4	Matters Arising not covered by this agenda	The CEO wished to discuss CiF bids and this will be covered in Any Other Business.	
5	2022/23 Budget Strategy	The CFO advised that the full budget paper will be presented at the Trust Board. The purpose of the Budget Strategy is to set out the principles underpinning the budget. The Finance Team provides the budget model and the schools develop their own budget with support from the Senior Finance Business Partner. The model means that the schools use the determined ESFA income which is a known quantity and shows what staff are paid and whether they are in the pension scheme to provide an	

accurate post-by-post pay budget. The CFO advised that 80% of our expenditure is salary. For the income, the GAG funding is the biggest number which comes from the ESFA and there is no ambiguity. There are some other more minor sources of income e.g., local lettings which accounts for about 1% income. The non-pay budget consists of some fixed costs and for four of our schools we have historic data and built in inflation. The two new schools we have less information to go on, although the school can provide previous budget history. The Senior Finance Business Partner and School Business Managers (SBM) go through a review process to make sure the spreadsheet is working as it should and the results are accurate and affordable. Effectively we target a break even budget for each school but some schools have large reserves so there is a planned reduction through a one-year budget deficit.

The Trustees queried what direction is given regarding high needs funding income. The CFO advised that where pupils are working through the school, the funding will be known but there are some Education Health & Care Plans new to the school each year which will bring additional income and cost to support that pupil. The CEO is working with the schools to develop a new model around high needs funding. Currently we tend to struggle to recruit Teaching Assistants (TAs) or to retain them. The new model will mean that the lump sum will be spent on recruiting more teachers and fewer TAs. The Head Teachers now need to speak to the CEO before recruiting new staff. We would look to recruit both full and part time teachers to offer flexible hours, on a salary point, to attract strong practitioners. The Trustees agreed that it was a better approach and would give quality overall and would address the problem of recruiting at a lower level and training TAs that we then lose.

The Trustees acknowledged there was lots of moving parts to the budget around legislation and the CFO agreed although we need to be cautious, big increases in teachers pay or pension costs usually come with extra grant income in-year.

The Chair asked for the Committee to be kept informed regarding our vulnerability in the current economic situation, particularly around items where we have no control. The Chair raised concerns that with only £122k surplus this could soon be eroded. The CFO advised that this will be apparent through the Management Accounts. There are choices that Head Teachers need to make to make sure they have enough money to do what they want. The two new schools come

		<p>with an element of risk as we have no historic data. Following a discussion between the CEO and the CFO, a Financial Strategic Day has now been planned for Chairs, SBMs and Finance Officers to discuss after Q1. The CFO advised that it is believed that the money we need for inflation is already in the budget and we need to be smart at not under predicting. We want the schools to be confident that collectively we will look after them and they can move money around to be more effective.</p> <p>The CFO advised that over the summer he will be working on a budget stewardship credibility scoring model around the accuracy of budgeting and forecasting, so we get to know over the year where it starts changing so we can plan to use up any excess non-pay budget.</p> <p>The CEO advised that she is receiving positive feedback from the schools regarding their relationship with the CFO and the Senior Finance Business Partner and is confident that we have the right people to support the schools at a strategic level.</p> <p>The Trustees queried whether there was a mechanism in place to pick up the effects on families, following the review of school meals and whether parents are now providing children with packed lunches. The CEO agreed that we will see a shift, as more pupils will be applicable to receive free school meals but there are “just about managing families”, and these families are being monitored. The children in vulnerable categories will increase and although there is not a system in place, the Head Teachers walk the lunch halls and will pick up any problems. MA has been working with a charity that are looking to support families by purchasing school meals and this can include parents. The CEO advised Head Teachers do provide lists of families they are concerned about.</p>	
6	Management Accounts (May 2022)	<p>The Management Accounts were circulated prior to the meeting.</p> <p>The CFO advised that Q3 has an improved forecasted income position against budget by £579,000. We are now forecasting to be £325,000 up against overall budgeted surplus at the end of the year. We will have some increased reserves which was not in the original plan. Those schools with deficit reserves are being supported by the Trust. The CEO will work with the new Head Teacher at Queenborough to discuss budget management and the Head Teacher will also</p>	

		<p>meet with the CFO and Lisa Hogan. The EFSA have given an estimation of what is considered excessive reserves and that is 20%, so we need to work with the schools to ensure no individual school exceeds this level, which currently only applies to Queenborough, and we are currently at 10.24% overall for the Trust. The CEO advised that the ESFA has always considered it to be bad practice to hold more than 8% otherwise it indicates we are not spending enough on the children.</p> <p>The CFO advised that there is some work being done nationally that shows that Local Authority maintained schools are doing less well financially than Trusts. If nationally the move is to academisation then it could be that schools would get less money.</p> <p>The CFO advised that non-pay is reported red because we have been given more money from the EFSA and are planning to spend it. The figures suggest that we will be on budget for non-pay expenditure but would prefer the money to be spent earlier in the year, as the current children will not get the benefit if spent at the end of the year.</p> <p>The fixed assets do not currently include the two new schools and we are still awaiting this information from KCC.</p> <p>The CFO advised we are on track to deliver a better budget and the Chair agreed it is looking satisfactory and should leave us in a strong position.</p>	
7	Government Sustainability Report	<p>The Government Sustainability Report and a paper containing the CEO, CFO and Chair's considerations to the report, were circulated prior to the meeting.</p> <p>The Chair advised that he had asked for the considerations and implications to the report, to be circulated along with the Sustainability Report. The Chair reported that he has seen signs that the Government are looking to extract money as the economy tightens. The Chair feels that there are ways to tackle this and we need to be fleet of foot with looking at reserves and we must be prepared to fight challenge where we get it.</p>	



The CFO agreed that where Academies are demonstrating excessive funds then these could be taken. The Trustees agreed that as a Trust that is exclusively primary, we are in the best category for finance. The CEO advised that individually schools are under pressure nationally and central costs are not taken into account. Secondary Trusts are more well off as they can build a central team so can build in economies of scale. The CEO felt that our schools paying for central resource is a problem.

The CEO advised that there are a lot of links to other documentation in the report. The CEO reported that we need to respond quickly and cannot wait for the guidance in the next 5 – 6 years. The Trustees felt this could determine whether we tap into the secondary sector. The CEO advised that at the point we are making a decision, we will need to balance against the financial risk appetite and look at the acquisition. The CEO reported that at the moment we are healthy as a Trust, but for a couple of schools, if they had not joined us, would be having problems, but now they will be able to manage it. The Trustees felt we are in a good place to manage this and know what is coming.

The Trustees queried whether this would determine the specialisms of staff recruitment. The CEO advised that she had been considering developing some training and development opportunities for Early Years teachers to create specialist teachers of SEND. Although this could be a risk for the Trust, the CEO feels that it is something to think about in response to this. The Trustees felt the numbers will grow and the CEO agreed and advised that our schools have a high proportion of SEND.

The Chair advised that he felt by raising awareness of this, we are preparing ourselves and all Trustees need to look at this. We need to invest in a strategy so we are not caught out. The Trustees agreed that this needed to be debated at Trustee level.

The Trustees felt that we did not want to be in a position of using reserves as capital money and it should be used for education and felt there was some confusion what reserves should be used for. The CEO agreed and advised that at some point capital investment might be means tested and if you have no reserves you can apply for funding. The CEO gave an example of where Queenborough have developed their outside areas but would not want to use the money for



		<p>items like boilers. The CEO discussed with the Trustees that where we have a large amount of money, we would want to do a project in 2023/2024 e.g., developing teachers of SEND, but if we indicate we want to spend the money on people with the ESFA, they will say we cannot manage the salary going forward and a red flag is raised. Two local MPs are on the Government Committee, and the Trustees agreed it might be worth touching base with them to find out what is going on and the CEO agreed to look at this. The Trustees agreed that as we are being pulled in different directions and it would be worth raising with the MPs as we cannot be told to hold on to reserves, spend reserves on capital and spend on education, they need to be integrated. The Chair advised that a Thanet MP had been helpful so might be worth contacting them.</p> <p style="text-align: center;">NOTE – This item needs to be discussed at the Trustee Board.</p>	DoG
8	Academy Trust Handbook 2022	<p>The CFO advised that the updates have not been published. There is concern that the schools close in 2½ weeks and we have no financial dates or legislation oversight for next year. The CFO will not be able to provide a report on the Academy Trust Handbook at the Trustee Board and this might need to be added to the September agenda. The CEO advised that they have published over 30 documents for schools' leaders to go through since May but have not done the basics. Financial regulations have been delayed as they would need to be aligned to it. The Trustees wanted their frustrations minuted.</p>	DoG
9	Any other business	<p>The CEO advised that four schools submitted CiF bids and three were successful so in total six bids have been agreed. In order for these contracts to start with a variety of providers, the Chief Accounting Officer (TM) needs to sign these documents and needs one other Trustee to be available to sign them either in person or with an electronic signature. JC agreed to sign the forms and will call in to sign once they are available.</p> <p>The Trustees queried the potential industrial action. The CEO advised she will not be supporting industrial action, as children have missed enough school already, but will need to watch and wait. Some of our schools have some staff in the Union and it is likely that about 40% of our teaching staff are with the NEU. The Chair queried if there was anything we could do, but the CEO advised she was concerned about fuelling the flame and so has done nothing formally. The Trustees</p>	CEO & JC

		<p>suggested looking at remote learning and the CEO advised that every school has a weeks' worth of remote learning resources ready.</p> <p>The CEO advised that PW is resigning from the Trustee Board from the 31st July and unfortunately will not make the last Trustee Board Meeting. The CEO and Trustees thanked PW for his personal support to the CEO and helping to shape the Trust Board.</p>	
10	Matters considered confidential	No matters were considered confidential.	
11	Date and time of next meeting	Tuesday, 29 th November 2022 at 1.30 p.m.	

There being no further business the meeting closed at 3.15 pm

Signed: 

Print: Christopher Albert

Date: 29th November 2022