

Meeting	MAT Finance Committee	Date	Wednesday, 20 th August 2020
Location	Virtual Meeting via Microsoft Teams	Time	2.00 p.m.
Membership of the Finance Committee	Jonathan Clarke (JCl), Chris Legg (CL)		
In Attendance	Tammy Mitchell (TM) – CEO, Jonathan Cresswell (JCr) – CFO, Sharon Hollingsworth (SH) – DoG, Claire Edgeworth (CE) - Notetaker		

	ITEM	COMMENTS	ACTION
1	Temporary Appointment of the Chair	<p>The Director of Governance called for nominations from Trustees for a temporary Chair following the resignation of Dave Butt, the previous Chair. CL nominated himself and this was seconded by JCl. The Committee were all in agreement and CL was elected temporary Chair of the Finance Committee.</p> <p>It was noted that the MAT is currently recruiting for two new MAT Trustees to join the Board in September and it is hoped one will serve on the Finance Committee.</p>	
2	Welcome and Apologies	<p>The Chair welcomed everyone to the meeting.</p> <p>There was no apologies for absence.</p>	
3	Declarations of Interest	There were no additional declarations to the meeting other than those declared as standing.	
4	Minutes of the meeting held on 8 th July 2020	Everyone had received the minutes from the last Finance Committee and the Committee agreed these were an 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:	None	
6	ESFA Budget Forecast 3 Year Return	<p>The Academies Budget Forecast 3 Year Return workbook had been sent to the Committee with the meeting agenda.</p> <p>The CFO advised that this was the first official return to the Education and Skills Funding Agency (ESFA). Trustees noted that the budget forecast return, which is usually a 3-year budget forecast, is looking at 2019 -2020 and 2020-2021 budgets only, due to the current COVID situation. The report is based on an online submission and the reported figures in the workbook will form part of the submission. The CFO clarified that he had shared the complete workbook so the Committee could look at it in its entirety. As this is the first report, the CFO felt it was useful to see how the return was made up and the level of detail that was being requested. It was also useful for the CFO to get feedback and suggestions from the Committee.</p> <p>The CFO has set up a working file and has replicated the headings that were in the Return and used the same format, but it has been broken down per school and this feeds into the main report and builds up to the total numbers.</p> <p>The CFO has used the current year to date actuals that are on the finance system plus forecast the last two months in terms of income and pay, as they are not on the finance system yet.</p> <p>The CFO advised that the Return is not due in until September 2020. The forecast figures will be refreshed with the actual figures and would also include Briary’s figures and KCC’s close down figures. The CFO explained that he did have the figures from Kent County Council (KCC) but not the official paperwork, and this is part of the Return. The Return asks for revenue surplus transfer on conversion and the KCC numbers are being included in total revenue for the year on the front of the return. The workbook shows how the 2019-2020 is made up and the wage bills have been forecast for July and August, but we will be able to include actuals for August at the end. The Committee agreed it has been good that the Return has been delayed so we can include and comment on actuals before sending. The</p>	

		<p>CFO advised that we have received capital valuations from KCC at point of conversion and these have been included in the Return. The CEO advised that the ESFA have asked for valuations within 6 weeks of conversion and had been chased by the RSC. The Committee queried if these were a written down book value or an expert valuation. The CFO believes they are a written down value and when he asked for a valuation report, he was advised by KCC that they had never been asked for them previously. Anna Rowley from KCC has given the value of these items.</p> <p>The CFO moved on to look at the 20/21 budget. The CFO has received all four budgets from the schools and the figures are based on working files. These figures do include their allocation statements and evidence around some of the income figures and these are based on returns provided by the ESFA and DfE in terms of income lines.</p> <p>The CFO referred to the budget line regarding pay and staffing at each school. The CFO advised that band KR2 has been removed and staff have been put on the next band up and this will increase the staffing costs. The CEO advised that on conversion we transferred all staff on the Local Authority pay-scales. From April 2020, the Local Authority decided to remove the lowest band and move the staff to the next band up. The Committee queried what impact this would have and why this had happened. The CFO advised that the projected cost will be about £21k per annum and this was due to the Kent range 2 falling below the living wage. KCC has undertaken a review but they only looked at KCC employees in their business units/main offices and this was approximately 150 employees and they felt this was affordable from the KCC budget. KCC had not considered schools or community workers and this is also impacting on the Police force and Fire Brigade. There has been a huge kick back but as they had promised staff they could not go back on it. The CEO wants to work with the Trustee Board to review the Pay Policy and is due to meet with EKC Group Director of HR and the CFO to look at how over the next 2 to 3 years, the Trust can extract itself from KCC decisions on pay. It was noted that staff were converted on pay and conditions that were in line with KCC and if we intend to change anything we would need to consult, as we promised staff that they would not be disadvantaged by joining us, but we also need to make sure we do not financially ruin the Trust. There is a lot of work to be undertaken and this will be a longer term piece of work to align things. Unfortunately, due to Covid the CEO has not been able to go into the schools and felt it was not a good time to start these discussions as they need to</p>	
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	<p>be undertaken slowly over a period of time. Over the next year, the CEO will present a 3-year strategy to the Trustees Board.</p> <p>The CFO also advised that there is the usual inflationary uplift included and there is also an increase in staffing costs, due to the term time staff uplift and this has been factored into 2021, which is a significant increase to the schools. The term time uplift is still subject to a Court decision and the CEO will present a full paper to the Trustees at the Trustee Board, but in the meantime this has been added to the budget in case the Trustees agree we should pay this. This has increased staffing costs for next year and has caused bottom lines to go into a deficit position.</p> <p>The CFO advised that the apprenticeship levy charge needs to be added, and the Trust levy fee is £5,500 and will be divided up per school based on their proportional costs per school. As the pay bill is over £3 million we will have to pay toward the levy and this works out at £20,500 but there is a grant of £15,000 so the Trust will have £5,500 to pay. The schools would have paid this previously as a KCC school so they will be aware of this charge. The CEO advised that KCC and EKC Group have an underspend in their apprenticeship levy and the EKC Group has confirmed that they can gift up to 10% to other organisations for training purposes, so this is a possibility should the schools wish to take apprentices.</p> <p>The CFO informed the Trustees that he has a baseline budget for each school and has broken these down. The year to date position for each of the schools in terms of surplus figures includes roll overs at the end of 2019 – 2020. The CFO has planned against their budget position for the end of 2020-2021 per school and how this will impact on their rollover. The CFO and CEO will need to look at a financial strategy over the next couple of quarters and what the plan is to manage the forecasted deficits.</p> <p>The Chair questioned if we are expecting all the schools to be in surplus and the CFO confirmed this. The Committee questioned if there was a limit to how much can be carried over. The CEO advised that there would be questions from the ESFA if more than 8% was carried forward and the Committee queried if this meant they would claw back the money. The CEO advised that the position is not clear with the ESFA but if there are good reasons to carry money over e.g. prevent redundancies they will allow it, however it will raise a conversation and the Trustees would probably receive a letter from the ESFA</p>	
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	<p>high needs funding given to them. The schools therefore had planned some activities to bring the rollover down to an acceptable level. The CFO will meet with the Headteachers and Business Managers to look further at this. The Committee were comfortable with the planned one-off set of activities to strengthen the school and agreed it was an acceptable use of the surplus money.</p> <p>The Committee asked if the 2020-2021 budget is going live over the next few days, and the CFO advised that the final budget should be done shortly, however what the schools have sent is not changing but will be put into EKC Schools Trust format so they will be more user friendly.</p> <p>The CEO informed the Finance Committee of some areas that might affect the budget figures.</p> <ol style="list-style-type: none"> 1. There will be a Government grant available for catch-up learning given to every school but there have been no details given on how this can be used or if ring-fenced or how much. This therefore cannot yet be budgeted for. 2. The Government have also awarded a significant pay rise for teachers but no figures have been given and which teachers this will affect. It is also unclear if a top up fund will be available to help support this. <p>The CEO wanted the Finance Committee to be aware that these are quite significant, but we are unable to budget for them yet, so the next time the Committee see the budget it might be slightly different.</p> <p>The Committee felt that the first item was not concerning however they questioned what the precedence was for Academies if the Government insisted on a national pay award but did not provide a top up fund. The CEO advised that last time it was not straight forward, it was 2% for teachers in middle band, higher for upper pay scale teachers and higher for newly qualified teachers but there was some additional funding that came in but did not cover all of this. It was a one-off funding at the time and provided the schools a year or so to realign their budgets. The figure mentioned is 6% but this will not be for every teacher, but dependent on where they are on the pay-scale but the Government have not mentioned how we pay for this. The CEO has been in contact with other Academies and they are saying</p>	
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		<p>they cannot afford this. Academies are submitting their budgets without including this. The Committee felt that this was a genuine risk we need to recognise but cannot do anything for the time being.</p> <p>The CFO explained that Trustees on the Finance Committee are being asked to recommend the budget to the full Trustee Board on 22nd September 2020. The CFO will then upload the budget for the schools.</p> <p>The Chair asked if the Trustees on the Finance Committee were in agreement to recommend the budget to the Trustees Board for approval. All Trustees confirmed they were in agreement.</p> <p style="text-align: center;">AGREED: The Committee agreed to recommend the Budget Forecast 3 Year Return to the Trustees Board on 22nd September 2020, for approval</p>	
7	Any other business	None reported.	
8	Matters considered confidential	There were no matters considered confidential.	
9	Date and time of next meeting	21 st October 2020 at 2 p.m.	

There being no further business the meeting closed at 14.50.

Signed: 

Print: Cheif Financial Officer

Date: 01/10/2020