

Meeting	MAT Finance Committee	Date	Wednesday, 8 th July 2020
Location	Teams Meeting	Time	2.00 p.m. – 4.00 p.m.
Membership	Dave Butt (DB)– Chair , Tammy Mitchell (TM) – CEO, Jonathan Cresswell (JCr) – CFO, Sharon Hollingsworth (SH) – DoG, Jonathan Clarke (JCl), Chris Legg (CL), Claire Edgeworth (CE) - Notetaker		

ITEM	ACTIONS	NAME	TARGET DATE
Welcome and Apologies	Welcome and Apologies No apologies noted.		
Declarations of Interest	None recorded.		
Minutes of the meeting held 13 th May 2020	All the attendees confirmed that they had received a copy of the draft minutes from the meeting held on 13 th May 2020. The CFO confirmed the he had completed all the actions that were in the minutes. Actions 1, 2 & 3 The CFO had met with all four school Business Managers to look at their quarter 3 budgets in detail. Action 4 The CFO had supplied a narrative paper to Committee members prior to the meeting, which explained the changes due to be made to the finance system with regards to VAT. The changes to the system should take		

	place by the end of the month. The CFO will contact the schools once the change has been made and discuss the changes, however, this should now be a similar system to the one used by the Business Managers previously. This change will not alter the reporting to the Education & Skills Funding Agency (ESFA).		
Matters Arising not covered by this agenda:	No matters arising.		
ESFA Budget Forecast 3 Year Return updates	<p>The ESFA Budget (BFR3Y) is a budget forecast return that is submitted to the ESFA on an annual basis. Due to Covid 19 there have been some changes to the form and the deadline has been extended to the end of September. The need to submit a forecast for 2021/22 and 2022/23 has also been removed for this year. The template for the return is available as from today.</p> <p>The Committee asked if the CFO was able to submit any figures for the Trustee Board on the 15th July 2020, as they need to be approved before they are submitted in September. The CFO has not yet had chance to look at the template but is hopeful he can populate this. The CFO is discussing the budget with Queenborough School on Monday, and this will be a good test to see how it works. The CFO advised that all four schools are working on their budgets but are finding this challenging. The Business Manager at Queenborough School has her budget ready, and the CFO will go through this with them and can then work with the other schools to look at the expense codes etc. The CFO confirmed that Bysing Wood have been in contact with him, he has not heard from the Business Manager at Holywell and he is aware that the Business Manager at Briary is struggling. The schools all need to agree their own budgets as they are aware of pupil numbers and expenditure and then the CFO can talk it through with them to make sure all the codes are aligned.</p> <p>The budgets need to be signed off by the Trustees before going live, however this does not fit into the schedule of meetings. SH to arrange another meeting for the Finance Committee before the Trustee meeting in September. The CFO is hopeful the budgets will be ready mid-August.</p>	CFO to submit figures for Trustee Board	Before 15.07.20

<p>Management Accounts</p>	<p>The CFO had circulated a copy of the Management Accounts through to May to Committee members prior to the meeting, and also sent round a narrative paper to explain some of the variances that are currently showing.</p> <p>The CFO advised that the roll out money has been received for three out of four schools from the Kent County Council (KCC). The money for Briary is still outstanding and KCC and Briary are in discussion around accessing an old bank account.</p> <p>The sum of £35,000, under Other Income, has been received from KCC for Briary’s fire alarm and the order has been raised and approved. This work is due to go ahead in August. Briary will have a completely new fire alarm system and they have been supported with this by EKC Schools Trust and EKC Group Director of Estates.</p> <p>At quarter 3 there were some moving around of figures as some lines needed to be increased and some were not being spent. This is now reflected in the budget.</p> <p>The Committee felt that the income looked positive but queried if it was usual to be so far ahead at this stage, or had we not set the budgets up correctly. The CFO felt that this was a bit of both and he advised that he had not worked with primary schools previously, but his knowledge was increasing and he feels he is now more accurately able to work with the school Business Managers to look at their budgets and understand the profiles.</p>		

	<p>One of the areas that the CFO had not foreseen was the Pupil Premium amounts. The DfE had asked for further verification and the money is only just coming in. The CEO also advised that usually the schools would close down their budgets in April, and as they converted on 1st March, a short-term budget was put in, and this was also in the middle of Covid. The budget setting has not been straight forward and we need a full year to get an accurate picture. All the four schools vary in size and locality and they are all in different positions and this can be seen from the roll overs from KCC. It is hoped that the benchmarking exercise will help to look at comparisons and form a consistent approach. The Committee acknowledged that although benchmarking just points out the differences, it will be a starting point. The CEO advised that the three greatest variances were due to a) the size of the school, as in large schools there will be wider range of pay scales, whereas in smaller schools the pay scales are more top heavy b) two of the schools have a falling roll and this is impacting on the budgets c) the volume of people premium is a big factor in determining the budget. Two of the schools are hitting all three of these factors and are in a more vulnerable position than Queenborough, and this was why we decided the schools should have their own budgets.</p> <p>The CFO advised that when we are looking at benchmarking, we should look at the Headteacher and Senior Leadership Team as historically Headteachers have been branded as teachers in school reporting and this ‘muddies the waters’. It is felt that they should be moved out of teachers and another line formed to improve the benchmarking.</p> <p>The Committee felt it would be good if they could see what the surplus rollover would be going into next year and questioned if this will be rolled over to cover any shortfalls in enrolment or drop in income due to Covid costs. The CFO advised that the intention is to roll it over and then see how the budget looks. Currently there is no specific plan as to how the money will be spent but this might be more evident when looking at the budgets. The CEO advised that when looking at historic budgets, 3 out of 4 schools carried over deficits so it is likely a proportion will be used to manage deficits around staffing. A discussion needs to be had at Trust level around the strategy for each school. The EKC Group Director of Estates has been helpful in looking at combined contracts and economies of scale when contracts end and the Business Managers are being proactive in advising when contracts are due to finish.</p>		
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	<p>The Committee felt £726,000 was a lot of money for a rollover. The CEO advised that maintained schools are encouraged to roll over 5% as their balance control mechanism. The Trust need to look at staffing which has not been helped by the KCC appraisal model which pays for length of service and not effectiveness, this has meant there are a lot of staff on an upper pay scale and this is crippling staff costs. We need to try to get these aligned and understand how they work.</p> <p>The CFO also advised that there is currently a Court case going through which could hit schools around holiday pay. The CEO advised that she had been in discussion with colleagues around this but acknowledged this legislation could hit the Trust hard.</p> <p>The CFO advised that the other variances are due to work to be done around journals. It is hoped following the budget discussion with the Business Mangers these will be more accurate. Headteachers were categorised as A&C in the budget but this has now been corrected and the CFO to check the journals. The CFO also needs to speak to the Business Managers around apprenticeships pay and he is concerned they may not be aware of this and they will need to prepare a contingency plan.</p> <p>The Committee queried if supply costs were for frontline teachers and the CEO advised this would be for absence or planned supply to cover training. The schools do not have enough teachers to cover and this is a discussion that the Trustees need to have further down the line. The Trustees need to look at whether the Trust could recruit a trust wide supply teacher, however the geography of the schools could be challenging. The CEO and CFO will meet to look at this. The Committee agreed that supply cover is expensive, and it would make sense to have floating staff. This arrangement would provide a better outcome for the students and the floating staff would have a better understanding of the mechanics of the Trust.</p> <p>The Committee felt that staff development was quite small and the CEO advised that we do arrange training through the Education People, local authority (either buying trainers in or sending people on courses) but it is hoped that costs will be reduced as we are covering the whole Trust. The schools are also accessing training put on through the Trust and they get this free, but places are sold to outside Primary Schools to cover costs.</p>		
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Financial KPI's	<p>The CFO circulated a KPI report to the Committee prior to the meeting. This report is a starting point to draw some benchmarking KPI's out of the numbers being produced. The CFO advised he is happy to adapt these as needed.</p> <p>The CFO had developed four KPI's:</p> <ul style="list-style-type: none"> • Contribution per schools as a percentage. • The split of expenditure per school as a percentage • Expenditure per pay group as a percentage • Average cost per teacher <p>The Committee felt this was a good starting point. The Committee need to be able to see what progress is being made and how the Trust is working and managing finances and questioned if these KPI's would provide this. It was agreed that the deprivation at each school needs to be a consistent indicator and once we have a baseline we can measure back the next year against this. The Committee felt that it was important that schools could see that joining the Trust had improved outgoings and can demonstrate to the pupils, parents/carers and local governing boards that it was a good decision to join the Trust.</p> <p>The CFO felt that non pay expenditure would be a good KPI to keep track of, so we could check economies of scale across the trust. The CEO had earlier eluded to looking at pay, and this might be something to look at</p>		

	<p>going forward. The CFO is happy to add them. The Committee queried where facilities sits and it currently sits in non-pay and it was agreed to keep it there at the moment.</p> <p>The Committee felt KPI's 2 and 4 might need adjusting to show which school is above and which school is below.</p> <p>The Committee queried if the CFO was aware what other Trusts were benchmarking against, and the CFO felt that once we were happy with our indicators, he would speak to other Trusts as a comparison. The CEO advised there was also national benchmarking that could be used. Currently it shows that the four schools are not paying as much into central but the CEO feels it would be useful to compare to other trusts nationally.</p> <p>The Committee felt in KPI 4, they would be better looking at the average teacher salary rather than cost per teacher as this does not include part time teachers.</p>		
<p>Financial management and governance self-assessment (FMGS)</p>	<p>The FMGS is a return to the ESFA by new academies and trusts, where they self-assess their financial management arrangements. The CFO has completed this document online, printed off and agreed with the CEO before submitting. The questions are mainly a yes or no answer and any no answers require more explanation.</p> <p>The Committee did not have access to the FMGS prior to the meeting. The document however was shared with the Committee during the meeting.</p> <p>The only areas of comment during the meeting were:</p> <p>Question 7 – The CFO advised that these are currently shared with the Finance Committee three monthly but can be produced monthly.</p> <p>Question 12 – The CFO had a discussion with the CEO, Director of Governance and the EKC Group Interim Director of Corporate Services who advised that the relevant policies are in place. The CEO confirmed that each school have their own Business Continuity Plan and the Interim Director of Corporate Services is</p>		

	<p>currently working with the schools to get a consistent standard and improved plan. This will be discussed at the inaugural meeting of the Risk, Audit and Compliance Committee.</p> <p>Question 17 – the Audit Committee sits with the RAC in the Scheme of Delegation.</p> <p>Question 33 – The Director of Governance will be working on the website over next few weeks to ensure compliance.</p> <p>The Committee agreed this was a good exercise to show we are on the right track and can be used as a checklist.</p>		
Any other business	<ul style="list-style-type: none"> The meeting discussed a potential date for the Committee to meet to approve the Budget Forecast return. The Return needs to be approved by the Finance Committee then it requires approval from the Trustees. It was agreed the best date would be towards the end of the week commencing 17th August. <p>Action – SH to finalise a new date for the Finance Committee to meet.</p> <ul style="list-style-type: none"> DB has resigned from the Board of Trustees and the Finance Committee thanked him for his work and wished him well for the future. 	SH to arrange date for additional Finance Committee	W/C 17.08.20
Matters considered confidential	No matters in the minutes are considered confidential.		
	Date and time of next meeting was scheduled for the 15 October 2020 but an additional date will now be added week commencing 17 th August 2020.		

	Meeting closed at 15.24		
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Signed.....

..... Chair, Finance Committee