

Finance & General Purposes Committee

Part I Minutes: Friday 03 July 2020

9.30am - F&GP 4/20

This meeting was conducted virtually due to Covid-19 restrictions

Present: Mr Roy Gillard
Mrs Isabel Cherrett
Ms Nicola Dunford
Ms Cheryl Mathieson

In attendance: Trust Business Manager - Mr Matt Matthew
Clerk – Rachel Hill

Welcome:

Welcome by Roy Gillard, Chair of Finance & General Purposes Committee

Apologies: There were none.

Declaration of Business Interests: The CEO is a Trustee of South Dartmoor Multi Academy Trust (SDMAT).

1. Minutes of the previous meeting

Minutes of 01 May 2020 were approved. To be signed at the next face to face meeting.

It was noted that the minute under item 2.1 concerning a possible Away Day has been superseded by guidance received from the Government.

2. Matters Arising

2.1 Item 6 - Trust Risk Register

IJC reported that this has been updated in light of Coronavirus.

2.2 Item 2.2 - Key Performance Indicators and Benchmarks for the next financial year

The Chair and TBM confirmed that the baseline and supplementary KPIs will be selected for discussion at the September meeting.

Agenda item September

2.3 Item 5.2 - Outline costings to support Central Business Unit and School Improvement 2020-2021

This forms part of the Budget discussions at 3.3.

2.4 Item 7 – Scheme of Delegation

The CEO reported that the sections on Local Boards will be ready for the September meeting.

Agenda item September

3. Financial Year 2019-2020

3.1 Financial Performance to 31 May 2020 – month 9

It was noted that the financial performance for month 9 had been received from the TBM and filed for all Trustees to view within the Trustees/Directors Dashboard folder in SharePoint.

Most schools are performing satisfactorily although some had exceeded their budgets in certain areas. The TBM explained that staffing budget overspend was mainly due

to staff absence, maternity cover and changes in year. Only one school is approaching the limit on the curriculum budget line and the Academy Head (AH) is reviewing existing commitments to see whether they are still current. Four schools have exceeded the Other Expenditure budget lines taking into account commitments. All E/AHs are currently reviewing existing commitments to ensure they remain extant and identifying any areas where commitments are missing. The opportunity to raise orders will cease, except for absolute essentials, at the end of June to allow orders to be fulfilled, invoices received and paid before the end of term.

On a year to date basis three schools are in a deficit position although there is a small amount of PPG recharges to be made back to one of these schools which will slightly improve their position. Moretonhampstead's LA nursery funding was paid to SDMAT rather than the Link. Once SDMAT has transferred this fund the school would be in a better financial position.

3.2 Covid-19 – Impact

The TBM reported. Some areas are doing well as expenditure has been restricted during the Covid period although some schools were facing a small loss on the paid provision for Nurseries. An analysis will be undertaken and a report produced for Trustees. A recent ESFA bulletin stated that funding was available to schools to cover additional costs incurred over Covid19. However, the criteria state that schools have to believe they will be in an in-year deficit at the year end before being able to claim. This may apply to four or five schools within the Link Academy Trust. Additional costs incurred due to the pandemic will total approximately £10,000. The Trust has claimed against the cost of hampers separately with just under £6,000 received in funding for them. The CEO noted that hamper provision has given the Trust a strong reputation and received positive feedback. Hampers will cease on 17 July unless there is a family in a dire situation. The Link Academy Trust has also been helping a Plymouth school produce hampers.

TBM to produce report on loss around pay provision into Nurseries

4. Financial Year 2020-21

4.1 Budget 2020-21 final review

The TBM reported.

- The report has been drawn up using ASCL key assumptions.
- It is increasingly difficult to determine what the future funding landscape will look like as decisions such as national pay awards are often made post the deadline for budget setting.
- In summary the key assumptions are that there will be a 2.12pc inflationary rise to per pupil funding. Teacher pay awards and pension grants continue to 2022-23. There will be a 3pc increase to Teachers' pay unfunded 2020/-21 to 2022-23. Thereafter 2pc year on year. There will be a 2.75pc increase applied to Support Staff pay 2020-21, 2pc thereafter year on year.
- What is apparent from the above is that staff pay increases are overtaking any potential increases to per pupil funding and as such the percentage spent on staffing will increase each year. Possible consideration will need to be given as to whether these continued increases are affordable for the Trust.
- CM asked whether it was ASCL who were indicating that there would be a 3pc increase for teachers in 2020-21 to 2022-23 and then 2pc year on year? The TBM replied affirmatively adding that the Unions were in discussion about the pay proposal for support staff. The CEO added that staff were tired but doing the best they could and that the Trust needs to continue thanking them. The Chair noted that non-payment benefits to the Senior Leadership Team were an important way of thanking them for the work they undertake.
- The summary of cash reserves brought into this year and forecasting what the Trust will be carrying forward was discussed. The TBM reported that by 31 August the Link is forecasting a growth in surplus of £184,000. CIF bids had not been included in this table.

- The figures from the Westcountry Schools Trust regarding prepayments and accruals for the three South Dartmoor Multi Academy Trust (SDMAT) schools have not yet been received. The TBM is expecting a surplus to be brought across for all three schools.
- It was noted that there would be further changes to the budget based on changes to staffing and it was agreed that following this meeting the TBM would rework the budget and provide an abbreviated version, with new figures, to present to the Board of Trustees on 13 July. The reworked budget to be emailed to the committee for comments.

**TBM to contact the Westcountry Schools Trust regarding prepayments and accruals for the three SDMAT schools.
TBM to rework budget in an abbreviated version and email to the committee.**

- The five year Trust Cumulative Budget was discussed. The TBM reported that the 2020 forecast reserves did not take into account any successful CIF bids or summer holiday work packages. Each year the Trust has managed to return a total surplus position and maintain a healthy reserve and the total revenue carry forward had been applied to the Trust level cumulative budget.
- A snapshot view of each school's three year forecast was reviewed. The TBM advised that schools of concern had been highlighted. Discussions with these schools have taken place about how to save costs and they are making changes where possible.
- Related Party transactions. The Clerk has sent Related Party forms to all Trustees with the request that they are completed and returned by the 13 July 2020.
- Benchmarking. The TBM reported that Bishop Fleming publish a set of benchmarking reports based on their MAT clients once accounts have been submitted to ESFA.
- MAT growth. Continuing growth is key to the financial sustainability of the Trust in order to continue achieving efficiencies. However, future growth will require an increase in staffing for the Central Business Team, particularly the Finance and HR areas.
- The overall summary of individual Academy budgets was discussed.
- The Committee noted with concern the falling pupil rolls in five of the 15 schools and level or marginally lower numbers in another five. It agreed that an additional sum for marketing for these schools should be identified to maximise recruitment over the next three years. This would be supported by the Trust's reputation and parents' support. This year, Academies have missed out on holding open days. The CEO advised that she had begun work with the Executive Academy Head of Drakes and Otterton in order to increase numbers although she noted this was not an easy task in this retirement area. All Academy Heads understand the need to be proactive. The Chair agreed and suggested that funds should be spent on this. The TBM advised that there was a line in the budget for this and that he had been considering using it to make a video for each school which involved the children. The CEO added that she had seen the impact that letters from the Trust to parents had made. Executive/Academy Heads had followed these up with individual letters and that it was important to continue to keep up this level of communication.

The strategy of transporting children to school from another area was discussed. The CEO advised that this was not sustainable.

IJC asked if the newly appointed Income Generation Officer (also the Administrative Assistant from Ilsington Primary School) had been set targets? The CEO replied that it was still early days but that she had already made an impressive start. Targets for the next one, three and five academic years will be set in September 2020..

IJC asked if the Management Partnership with Morchard Bishop, and subsequent conversion, would bear any financial implications to the Trust

when joining? The CEO responded that she had met with them and that they have sizeable carry forward. The Diocese has asked the Trust to put forward a proposal as to why they would want to retain the school house within the grounds. The Link Academy Trust will be joining with Morchard Bishop in a management partnership for a year in the first instance. The TBM added that he had seen their budget for the next two years and talked with them about areas for improvement.

- The Chair asked for any questions from the committee. CM noted that the years going forward could be of a financial concern and that the Trust should perhaps focus on the three year figures. IJC added that in her opinion the committee had received a budget which could be recommended to the Board of Trustees but all agreed that the following two to five years needed close monitoring to ensure financial viability of the Trust.. The CEO added that the Trust had taken on six new schools this year, some with inherent problems around pupil numbers and reputation and that it was a slow process to rebuild. The SDMAT schools should improve faster financially than some others. There was also work to be undertaken on properties. IJC asked that the Trust continue to focus on *not* using reserves to cover operational issues as reserves were required to support capital improvements? Regrettably, there had been only one successful CIF bid this year.
- The Chair had drawn up his own spreadsheets which highlighted the areas of concern in Years 3, 4 and 5. He would meet with the CEO and TBM on a monthly basis to discuss these.. Marketing for increased pupil numbers was important. The Chair agreed with IJC that reserves should **not** be used for operational expenditure and that he would also like to recommend the budget to Trustees.

The Budget 2020/2021 was recommended to the Board of Trustees by IJC and the Chair

A comfort break of five minutes was taken.

5. **Property – Capital Projects and Reserves**

5.1 CIF Implementation

The TBM reported that the only successful CIF bid was in respect of Tedburn St Mary. Nine bids had been submitted. Scoring will be released during the summer holidays. Appeals will be opening in September and he was keen to appeal for Hennock Primary School. The TBM will start work in September on the next round of CIF bids.

Over the summer break some painting will take place at Widecombe School. There is a small project at Drakes which will be undertaken along with improvements to Landscope House and the kitchen at Hennock.

5.2 Bearnes Primary School Building Project

The TBM reported on the project at Bearnes to provide a classroom extension, including a link corridor with alterations to adjoining areas, removal of an existing temporary classroom in the hall and external works associated with the extension.

The Committee had received the following documents:

- 1920 – Pre-commencement meeting minutes of 28 May 2020
- 1920-31 - Site Layout Plan
- 1920-32 - Ground Floor Plan
- 1920 – Cost Plan (1) – Tender Sum £160,986.01
- Building Regulations Conditional Approve 9 April 2020 by Devon Building Control Partnership
- Devon & Somerset Fire & Rescue Service – Fire Officer Comments 9 April 2020 to DBCP
- Grant Agreement of 18 May 2020 between Devon County Council and the Trust for £95,862

- J306 CAS Asbestos Refurbishment Survey Report - no results found
- Plan showing revised site compound (1)

The TBM reported that this project is now underway. Furniture and furnishings will be required.

An asbestos survey had identified no asbestos on the proposed site. The budget for this had been reassigned as the ground survey had identified additional ground foundation works were needed. The project is currently on target with costs. IJC noted that all the documents listed above provided an audit trail.

CM asked if all Health & Safety and Safeguarding checks had been completed? The CEO confirmed that they had been done and fire evacuation practiced. The estimated finish date for the project is October half term.

5.3 Illington Primary School Building Project

The TBM reported on the construction of a Foundation Stage Unit at Illington. The Committee had received the following documents:

- 2001-22 Existing ground floor plan
- 2001- Feasibility Study – Complete document; Option 2 of 3 considered to extend the existing Year 5/6 classroom into the existing rear covered area to provide a dedicated FSU including toilet and changing facilities and partly covered outdoor access
- 2001 – Illington Primary – Programme – January 2021 start
- Illington In Principle Capital Funding by the Department for Education of £310,833, subject to submitting a worked up proposal for further scrutiny

The TBM continued. Feasibility had been completed and Option 2 had been chosen. The project is currently at the design stage and the timeline has been brought forward.

The TBM asked for the committee to be aware that the Trust was proceeding at risk up until the point of official sign off. Costs were being paid for out of reserves (10pc contribution). Diocesan approval will also be required.

The Committee reviewed the designs on screen. The location of toilets, wash basins and eating spaces were discussed. The CEO advised that the project was due to start in January 2021. The Village Hall might need to be used as a classroom for approximately nine months until the following September.

IJC asked if the TBM anticipated any issues regarding planning permission approval? The TBM advised that planning authorities were encouraged to approve this type of project.. IJC asked that the Diocese is involved as early as possible so as to avoid any delay in gaining its approval. The TBM replied that once design elevations had been agreed the Diocese would receive copies of all relevant papers. IJC asked when the Trust would be going out to tender as the Board of Trustees would need to approve the contract? The TBM responded that the Finance & General Purposes (F&GP) committee could present to the Board of Trustees a copy of the tender valuation at their October meeting. IJC asked that if tenders were in later, the Board should consider a contingency in October to get approval either through delegation to the F&GP or via email on the Committee's recommendation. The TBM did not see an issue with this and agreed to provide updates on the matter.

TBM to provide the committee with updates on the tender valuation for Illington Primary School

6. Accounts Direction 2020-2021

The TBM reported that there would be no changes made which would impact how the Trust produces the accounts and that Bishop Fleming approved of the way in which the Trust was proceeding.

7. **Internal Audit**

The TBM advised that the internal audit report had not been through the Audit committee due to the March internal audit being postponed because of Covid restrictions. However, Griffin Chartered Accountants are now operating remotely and have completed an internal and an end of year audit report. The internal audit review dated June 2020 had been circulated to the F&GP committee prior to the meeting.

IJC commented that normally the Audit Committee would receive the IA reports in the first instance but both reports should be presented to the AC at its next meeting. The annual report was a new requirement under the Academies financial Handbook (AFH) and this was a helpful summary of the year's work.

The matter of paying suppliers during the pandemic lockdown was discussed. The TBM reported that where possible suppliers had continued to be paid however some providers have accrued hours and there could be some accrued payments going into next year.

CM asked do we keep a central record of free school meal vouchers? The TBM replied that this was the responsibility of individual schools.

IJC noted that within the annual report one finding mentioned is the list of Trustees at board meetings and queried whether this related to the full board and committees? The TBM replied that this now also relates to local board level as well and their attendance should be recorded on the website. Clerk to ensure that local boards are aware of this requirement.

Clerk to ask Local Boards for a list of attendees at LB meetings. This to be published on the website.

8. **Human Resources**

The CEO noted that Income Generation had been covered under item 4.1 above. The CEO continued and advised that the recruitment process has been improved and interviews are now working well with clear Job Descriptions being produced. There have been quality applications for vacant positions and the Link has a good reputation amongst potential teaching applicants. The CEO has met with South West CEOs and it is clear that the Trust is proactive in the recruitment area. IJC asked if there were any issues relating to teachers who graduate now but start their career in September? The CEO thought these teachers would not be able to officially start until September but they could be asked to come in and work with the children before then.

9. **Health & Safety**

The manner in which the new post of Premises/Health & Safety Officer would liaise with the current Health & Safety co-ordinator was discussed, along with the responsibilities of the position.

CEO to send the job description for the Health & Safety Officer and Income Generation Officer to the Chair

The new Premises Officer would spend significant time travelling between schools and the Chair recommended the TBM investigate the provision of a leased vehicle as this was likely to be more cost effective and avoid the incumbent only being able to claim a lower mileage rate beyond 10,000 miles.

CM asked whether the new appointees should be accountable to the TBM rather than Trustees? The TBM advised that they would be responsible to him on a day to day basis but final accountability would be to Trustees.

10. **Data Protection**

The CEO reported that there were no problems to report.

11. **ESFA Bulletins**

The two issues of claims for Covid-19 related expenditure and payment of suppliers have been noted above.

12. **Policies**
There were no policies to be reviewed.
13. **Any Other Business**
- 13.1 **Submission of Budget Forecasts**
The TBM advised that ESFA permitted Trusts to defer the submission of the budget and three year forecasts until October this year due to the pandemic. The Committee agreed this approach; the Trustees would be invited to approve the budget and forecasts on 13 July 2020 but the Committee on 28 September would discuss any further changes prior to submission subject to authorisation from the Board.
- 13.2 **Audit**
The Chair advised that an audit planning meeting is to be held within the next seven days and Audit week will commence 05 October.
14. **Dates of Future Meetings**
28 September 2020
27 November 2020
05 February 2021
26 March 2021
07 May 2021
02 July 2021