

The Link Academy Trust
Finance & General Purposes Committee
Part I Minutes: 01 July 2022
9.30am

This meeting was held in person at Landscope School House and clerked via Microsoft 'Teams'

Present: Ben Thorne (Chair)
Nicky Dunford (CEO)
Paul Waterworth (PW)
Cheryl Mathieson (CM)
Christopher Norman (CN)

In attendance: Matt Matthew – Deputy Chief Executive Officer (DCEO)
Angela Hughes – Finance Manager (FM)
Elaine Clarke (Clerk)

No	Item	Action
1.	Welcome and apologies The Chair welcomed those in attendance to the meeting and introduced Angela Hughes the new Trust Finance Manager. There were no apologies.	
2.	Declarations of interest The CEO is a trustee of the Bearnas Education Foundation. Christopher Norman is a director and shareholder of CANE Properties Ltd. Ben Thorne is a trustee of Tor Bridge High Academy Trust.	
3.	Any other business See item 16.2 - Finance Procedures Manual	
4.	Approval of meeting minutes The Part I minutes of the meeting held on 06 May 2022 were approved as a true and accurate record.	
5. 5.1 5.2	Matters arising from minutes of 27 April 2022 not on the agenda Item 5.1 Finance – DCEO to feedback on uptake of Free School Meals following reminder to parents to check eligibility The DCEO reported that a few new applications have been made. Trustees suggested that the Attendance Officer should be asked to send reminders out on a regular basis however it was noted by the DCEO that individual school admin staff, who know their school families well and are aware of changes in circumstances, already do this. Item 15.1 Reserves and Investment Policy – DCEO to advise on the banking of reserves and where they are held. The DCEO reported that the Trust has a single bank account with the total sum held by the Trust held within that account. Investment of reserves was looked at several years ago however the return at that time would have been minimal and the committee then considered it was not worth doing. Trustees asked the DCEO to revisit this issue as the reserves balance has grown and interest rates are beginning to rise. DCEO to talk to the account manager regarding investing reserves in a fixed term, easy access deposit account. Sum invested to be any amount over a comfortable working level required – expected to be around £100k – 200k, based on the cash flow forecast. Trustees acknowledged the return would be low, but would be something. The Chair advised that in terms of charity law the Trust must not take unnecessary risks so could not, for example, invest in stocks and shares, but it would be acceptable to invest in the type of account agreed.	DCEO

<p>6.</p> <p>6.1</p>	<p>Finance</p> <p>Latest financial performance position</p> <p>The DCEO welcomed Angela Hughes who has held the FM role since 30 May. The FM has been working with the new budgeting and forecasting software IMP primarily to produce the budget report for this meeting including the current year end forecast position and budget review for financial years 2022/3 to 2024/5. The report was circulated to the committee prior to the meeting. The DCEO advised the report is still a work in progress but felt to be reflective of the current forecast for academy funding and other key assumptions.</p> <p>The DCEO shared the screen to display the report which the committee discussed as follows:</p> <ul style="list-style-type: none"> <p>Key Assumptions for the next three years - The DCEO advised on key financial assumptions. Teachers pay awards are likely to be huge. The School Teachers' Review Body (STRB) has recommended increases across all pay scales with the M1 starting salary recommended to increase to £30k over the next two years equating to a proposed 8.9% in the first year and 7.1% in the second year. At the higher end UPS and Leadership increases are recommended to increase by 3% across both years. GAG income is expected to rise by only around 2%, therefore staffing costs will have a serious impact. It is hoped that there will be additional government funding to offset the predicted increase in staffing costs. NJC support staff pay awards have not yet been declared – this may be waiting on the outcome of teachers pay awards. Although not yet agreed with employers, the recommended pay awards are in line with those recommended by the government and the budget will be set along those recommendations. Going forward, based on the key assumptions, with no additional government funding towards staffing costs it is likely there will be a cumulative in-year deficit across all three years of the next budget. Historically, an in-year surplus seen for at least years one and two of previous budgets. The Chair advised that while it was prudent to look at the budget this way, further scenarios should be run once there was more definite information available regarding government funding towards pay increases, to look at how best any extra money could be used to the benefit of our pupils. The Trust did not want to be left in the position of possible extra money unallocated and becoming an addition to already high surplus reserves. The CEO also urged caution against further increasing the reserves as the Trust is becoming noted as having a large reserve which could implicate overfunding. This was acknowledged however trustees agreed to move on from further debate of the reserves at this point.</p> <p>Month 9 / Forecast Full Year vs Approved Budget 2021/22 - The FM explained how she uses the new software to run this report. The programme takes actuals from the ledger and forecasts income/expenditure for the remaining months – to which manual adjustments can be made after the FM reviews each ledger code. At the end of month 9 the full year forecast position for the Trust as a whole was a £311k in year surplus, compared to the approved budget expected position of £135K. The process will be repeated monthly to the year end but very little difference is expected to the forecast outcome. Based on these figures the surplus reserves carry forward will total around £1.8 million. The Chair advised this report, from the new software, is very useful as it provides the actual, the forecast year end, and the approved budget positions on one page for easy comparison. The report shows a summary line for each school plus overall totals for the Trust. Behind this summary, there are further layers of reports showing in depth financial breakdowns for individual schools.</p> <p>At this point trustees discussed movement of staff into and out of the Trust which was felt to be relevant as staffing can have a knock on effect on pupil</p> 	
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numbers. The CEO advised that 46 out of around 250 members of staff had left the Trust this year, including 5 AHs. Recruiting experienced staff is proving difficult, anecdotally this is the same across the region, with 'head-hunting' also taking place. Trustees discussed factors affecting recruitment particularly for lower paid staff such as high travel and fuel costs in a rural area and the benefits of working from home offered by other jobs. There has been some success with the Kick Start Scheme in training and retaining teaching assistants. Pupil intake numbers across the Trust were also discussed. The CEO advised that three years ago there had been a push to attract pupils and as a result the current year three has a high number of pupils. Due to Covid this has not been repeated and the Trust needs to decide whether to carry out another push to increase intake numbers and consequently increase funding.

- **Multi Year Budget Review for Financial Years 2022/3 to 2024/25** - the DCEO talked through this review which showed figures for the Trust as a whole. Based on the key assumptions and predicted pupil numbers it forecasts in year deficits of £51k, £376k and £483k for years 1, 2 and 3 respectively. With an expected £1.8 million of surplus reserves going into 2022/23 there is a forecast £911k surplus reserves at the end of 2024/25. Pupil numbers are predicted to be static over the three years although there is a jump in Year R pupils in 2023/24 due to currently full and successful pre-schools in some schools. The DCEO advised that the main factors affecting the budget would be static pupil numbers and the detrimental impact of staff pay awards unless additional funding towards the pay awards was forthcoming from the government. He also expected little increase in the amount of funding per pupil over the three years.

The CEO advised she is carrying out an audit of Trust pre-schools to look at factors which may improve uptake of pre-school places which should then feed through to school intake. Although at an early stage, survey findings so far show including a pre-school within the school as part of a foundation stage unit, and quality staffing can improve uptake. Morning sessions tend to be full with afternoon sessions often half full, and sessions offering a specific activity such as a welly-walk also tend to be full.

The DCEO advised that each pupil was funded at approximately £4k and has advised academy heads (AHs) to continue marketing their schools throughout the year and throughout the age range.

The DCEO went on to talk through the multi year budget reviews for central services and each school across the Trust highlighting issues of concern in particular schools.

Several schools showed deficits across the three years, mainly down to predicted low pupil intakes. There is a concern that some of these schools may need to consider reducing the number of classes however the preference is to avoid this as once reduced, future growth is prevented – there would be no spaces for new pupils to move into. This prompted further discussion by the trustees about the need to improve the pre-school offer, including through improving staffing, and market schools throughout the year to increase intake across the school, not just into the Year R and during the main admission season. Trustees suggested marketing could be approached in several ways including surveys investigating what the next generation of parents are looking for in a school or pre-school, which activities parents would like to see offered by a pre-school, and why the factors that had influenced parents to choose a particular school or pre-school. It was proposed that some of the reserves could be spent on professional market research and that the issue could be looked at as part of the Strategic Plan.

6.2	<p>The DCEO concluded that the finance team would continue to work on the budget for the Full Board meeting but was not expecting major changes.</p> <p>Update on Condition Improvement Fund (CIF) and other bids The DCEO reported that funding towards a new roof for Bearnas Primary School has been the only successful CIF bid this round. He met with contractor and project manager last week, with work due to start 23 July and to be completed by the end of the summer holidays. The contribution from the school is approximately £50k.</p> <p>Other unsuccessful CIF bids have been appealed but the DCEO is not expecting any successes.</p> <p>The Schools Rebuilding Programme (SRP) will be considered under item 8.</p>	
6.3	<p>Early indication of 2022/23 draft budget if available Covered under item 6.1.</p>	
7.	<p>Financial impact of Trust Growth – CEO / DCEO to raise any issues for discussion. The Chair reported that the Trust is currently talking to five schools about joining the Trust.</p> <p>The meeting moved into Part II.</p> <p>The meeting moved back into Part.</p> <p>The FM left the meeting at 11.04am during Part II.</p> <p>The CEO advised that this time last year she and the DCEO held an online presentation which was attended by 64 primary schools and resulted in the current interest from the schools considering joining the Trust. To attract new interest going forward, trustees suggested strategies including a further presentation particularly focussing on what the Trust does successfully, but differently, to other Trusts.</p>	
8.	<p>Property – DCEO to raise any issues for discussion SRP outcomes for the bids submitted for Diptford and Cheriton Bishop have still not been announced and this may not happen until October. Regarding Diptford, the Trust is now engaging with the capitals team at the DfE who have asked the Trust to submit an urgent capital support application which the DCEO is in the process of completing. In practice any capital support would be a loan unless the Trust first used its surplus reserves.</p>	
9.	<p>Human Resources – CEO / CM to raise any issues for discussion The CEO reported the main staffing issues were covered in item 6.</p> <p>CM reported that she has carried out several staff exit interviews. Main issues are perceived to be stressful work situations around SEN provision and lack of resources. A self-employed handyman has been employed to work across the Trust as required.</p>	
10.	<p>Health and Safety – DCEO to raise any issues for discussion No issues reported. Compliance is going well. Claire Slee, the Health and Safety Officer's (H&SO) hours are increasing to four days a week from September. The H&SO will meet the DCEO on a half termly basis to update on progress. She has now passed the IOSH qualification and is considering further qualifications.</p>	
11.	<p>Data Protection – CEO / DCEO to raise any issues for discussion The DCEO reported that Susan Stansfield the Data Protection Officer (DPO) has increased her hours and will also be carrying out some admin hours based in the central offices. A new administrator will be appointed to Hennock. The DPO will meet with the DCEO on a</p>	

	regular basis to update on progress. The DCEO reported no major data protection issues other than some low level issues such as screens being left on noted by the DPO during school visits.	
12.	ESFA Bulletins – DCEO to raise any issues for discussion The following issues from the latest bulletins were noted: <ul style="list-style-type: none"> • DfE are launching regulatory reviews of academy trusts future proofing • National tutoring – the CEO advised this would be covered in her report to the next Full Board meeting. • Music provision may be specifically funded. If this proves to be the case the CEO would look at spending this in a structured way across the Trust. 	
13.	Risk Register – DCEO to raise any issues for discussion No issues to report. The DCEO has met with individual schools to advise on how to manage their individual registers. The main priority in terms of risk for this committee is setting the budget which has been covered in item 6.	
14.	Strategic / Business Plan – DCEO to raise any issues for discussion Next year's plan has been set up in the folder. Trustees are requested to draw a line under this year's plan, check next year's statement is still current, then come up with one or two actions that can be addressed within the next year. The CEO strongly urged all trustees to complete these requests.	Trustees
15.	Internal / External Audit – Chair / DCEO to raise any issues for discussion The DCEO reported the final internal audit report for the year has been received from Griffin. The report will be held over to the next Audit Committee meeting. The Annual Summary also received from Griffin will be presented at the next Full Board meeting. The audit shows some low level compliance issues but is generally a clean audit. The new internal audit provider, Thomas Westcott will take over from Griffin in September. Within the next two weeks the CEO, DCEO and the Audit Committee Chair will hold an audit planning meeting in preparation for the commencement of next year's external audit.	
16.	Policies for review	
16.1	Equality Statement – trustees agreed to recommend the policy to the Full Board with tracked changes.	Clerk
16.2	Finance Procedures Manual – trustees agreed to recommend minor updates to BACS approval system to the Full Board.	Clerk
17.	Evaluation of governance impact The committee reviewed the performance and value of meeting as follows: <ul style="list-style-type: none"> • Progress is being made on long term planning for the reserves to be used for the benefit of the pupils. • The new budgeting software is already proving beneficial in preparing useful reports and running budget scenarios. Regarding the reserves, the committee requested the DCEO and the Chair to compile a clear, detailed report on the planned spending of surplus reserves including the intended outcomes and beneficial impact on pupils. This is following concerns that the Trusts high level of reserves is being noted and could be used to demonstrate why reserves are being retained.	DCEO / Chair
18.	Dates of next meetings 30 September 2022	

	25 November 2022 03 February 2022 24 March 2022 05 May 2022 30 June 2022	
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The meeting finished at 11.31am