INDEPENDENT PROFESSIONAL CLERKING SERVICES

The St Cuthbert's Roman Catholic Academy Trust

Minutes of a meeting of the Finance and Assets Committee
held at St Mary's College on 7 July 2022 at 5.00pm

PRESENT: Mr P Fearnley, in the Chair,
Mr I Appleyard, Mrs L Dyas, Mr M Gallagher, Dr M Nolan

IN ATTENDANCE: Mrs A Hunter, Finance and Internal Audit Manager
Mr A Rookes, Finance Manager,
Mrs K Siedle, Chief Operating Officer Primary
Mrs S Teasdale, Chief Finance Officer

GOVERNANCE PROFESSIONAL: Mrs M Gibson, Independent Professional Clerking Services

48 OPENING PRAYER. Mrs Siedle opened the meeting with a prayer.

49 APOLOGIES. Apologies for absence were received from Mr Fitzpatrick and Mr Holtby.

50 DECLARATIONS OF INTEREST. Mr Appleyard reported that his daughter was employed by the Trust.

51 MINUTES OF THE LAST MEETING.

RESOLVED: that the minutes of the meeting held on 19 May 2022 be confirmed as a correct record and signed by the Chair.

52 MATTERS ARISING FROM THE MINUTES. There were no matters arising.

53 BUDGET UPDATE AND REPORT FROM THE FINANCE MANAGER

The Finance Manager drew attention to a number of reports circulated in advance of the meeting. He presented a narrative of the reports and highlighted the following points:

I appreciate that we will have a number of areas to get through this evening but the main priority will be the approval of the 2022/2023 budget forecast, in readiness for submission to the ESFA on the Budget Forecast Return form.

<u>2022/2023 Budget forecast</u>
We have already circulated the budget forecasts for your approval. These have followed the same assumptions as we have been using since the beginning of the year in line with advice from ASCL
Income – 2% increase over the next 5 years
Salary – 3.5% 2.5% 2%
Other expenses – 3.5%, 2.2% and 2%

All funding streams that we know with certainty are included in full.

One funding stream to highlight is the recent School Supplementary Grant which has been paid from April 2022 and will continue to be paid in 2022/2023. We have confirmation of the amount. For 2023/2024 onwards we are advised that some of this funding will be included in the NFF, but not how much. As such we have been cautious and only included funding to cover the NI increase in the future years. This is around a 1/4th of the total funding received in 2022/2023.

In response to a question, the Finance Manager confirmed that the funding agreed had exceeded the NI increase however, this had not been assumed to be the case for future years.

The CFO reminded Directors of ESFA guidance which did not allow the setting of cautious budgets. She pointed out that the 5% pay offer for teachers was likely to be rejected and although this was beyond the Trust's control, she was reassured that as funding had been issued previously to cover the additional cost and there was no reason to believe this would not be the case in the future. However, additional income was unlikely to be received to cover increased costs in other areas (capital and resource expenditure).

Directors sought clarification in relation to energy costs and the impact this may have on the overall budget. In response, the CFO explained that the contract for energy was fixed for a further three years. During this period a series of measures would be taken to rationalise use in the future.

Directors expressed concern that they continued to be asked to set a three-year financial plan despite the uncertainties. In response, the CFO advised that similar concerns had been raised at a recent ESFA webinar; the advice received had been 'to do your best'.

The scrutiny undertaken over the last 5 weeks with regards to staffing levels needed both in the primaries and St Mary's is now fully reflected in the forecasts and has effected significant savings to the budgets going forward.

We now project the trust to be in surplus by

2021/2022	*159,246*
2022/2023	*472,628 (due predominantly due to receipt of the supplementary grant)*
2023/2024	*45,153*
2024/2025	*-290,726*

As with previous years, the budget for 2024/2025 being in deficit should not be considered an issue due to the assumptions in place and the fact all staff are assumed to move up a grade and there is no staff turnover in that 3 years.

The CFO reported that savings had been generated by delivery of the staffing plan which had focused on schools with falling rolls. The COO(P) commented that this had been a difficult exercise but had needed to be done.

The CFO pointed out that by taking action to address staffing costs, they had demonstrated they were responding to the SMRA audit report.

<u>Expanded Trust</u>
Included in the pack is a full consolidated budget forecast including the additional schools. We will not be submitting this to the ESFA and it is for your information only. We have yet to receive sufficient information to enable us to scrutinise and amend the individual budgets supplied a number of weeks ago.

<u>Budget Forecast Return</u>
Following the approval of the 2022/2023 budget forecast by full board next week we will need to submit the form to the ESFA by 26th July 2022

<u>Cashflow</u>
The cashflow is continuing to look healthier with the improved budget positions.

Directors asked if the Humber Learning Partnership funds were still held by the Trust. In response, the Finance Manager confirmed that they were, and they received £8,000 annually for managing the account. It was expected that the HLP would open their own account in the future.

<u>Actual to Budget – 9 months</u>
The report shows an actual surplus for the 9 months of £41,630 compared to the budgeted surplus of £119,435.
The gap will close over the next 3 months with significantly reduce costs in August and the unwinding of the school supplementary grant which, although only received for 5 months, is assumed to have been received evenly over the full year.

There are certain costs associated with the expansion of the trust that have not been budgeted for and are reflected in the overspend of non-education contracts. This amounts to around £50,000

There is also an overspend on the other services which are as a result of the purchase of the old uniforms, for which we may recoup some of the costs through sales or other funding such as pupil premium.

Directors asked if there were any concerns with the financial position of the schools joining the Trust. In response, the CFO advised that the schools had not been impacted by falling rolls in the same way Hull schools had. She explained that although the information received had been reliable, it had only provided a snapshot as they operated within different routines which St Cuthbert's Trust had no access to.

The CFO expressed confidence that the financial position would be enhanced by the new schools and although risks had been identified, there were no concerns to undermine the recommendations presented.

The Finance Manager pointed out that the schools would be expected to contribute to the central services budget; their contribution would exceed the cost for the additional resources required to maintain the current level of service.

In response to a point for clarification, the CFO explained the manner in which the central services budget was managed. She advised that following expansion of the Trust, the budget would be reviewed to ensure it remained fit for purpose.

Mrs Siedle left the meeting.

Directors questioned the end of year position for the primary schools which displayed a deficit budget and sought assurance this was being addressed. In response, the CFO explained the impact of national, regional and local admissions issues. Recruitment plans (as outlined earlier) had been developed to reflect the projected fall in pupil numbers which were expected to continue for a further eight years. Concerns lessened for future years for all schools except St Charles. This had been highlighted to the diocese and the LA and it was expected they would work to develop a city-wide strategy to address the issue.

Mrs Siedle re-joined the meeting.

Directors acknowledged that they had no control over the impact the current cost of living rise would have on the budget. In response, the CFO reminded Directors of the need to meet the requirement of the Academies Handbook which restricted the way in which budgets were projected and managed. This would not prevent the finance team from providing models as long as the submitted budget was compliant with requirements.

RESOLVED: that the budget presented for 2022/23 be recommended to the Board for approval.

Directors conveyed thanks to the finance team for their excellent management of the budget.

54 REPORT FROM THE CHIEF FINANCIAL OFFICER. The CFO presented her report, copies of which had been circulated in advance of the meeting.
Chief Financial Officer's Annual Report 21 – 22

It has been quite a year, as we emerge from the bleakness of COVID-19 into the uncertain post COVID era. Capital planning has been challenging due to labour and materials being in short supply, and costs have been spiralling upwards as academy funding struggles to keep pace. The good news is that we have managed to deliver on the majority of the 21-22 Capital Plan, and we have also kept our heads above the water, reporting a surplus of £159,000 and continuing our upward trend of reserves as we reach and exceed our DfE target of 5%.

As our Trust matures alongside the sector, we are developing stronger governance, in particular with regard to risk management and assurance. The introduction of a separate Audit and Risk Committee has served us well, and next year will see a further progress step made as we adopt a Board Assurance Framework, supported by our external specialists, RSM. The improved Risk Register has evolved to reflect new and emerging risks, such as, sustainability, climate change and cybercrime.

According to Kreston Academies Benchmark Report 2022, 65% of Trusts expect to grow in 2022/3 by at least 1-3 schools, and we are part of the 8% expecting to grow by over 4. Our Trust is expecting to grow by 7 schools (6 primary and 1 secondary), and this will put us in a strong position to optimise financial efficiencies and economies of scale and make those benefits available for reinvestment in teaching and learning. The size of our Trust will also align to the DfE's vision for growing strong academy structures.

The proposed expansion is our major strategic challenge for 22/23. Coming quite late to the table, following a change of direction from the Diocese and Regional Schools Commissioner, we have caught up quickly with our northern partners, and are ready to complete the transfer as soon as the DfE approve a date. We are pushing for a 1 Sept transfer which will give all new schools to St Cuthbert's the assurance and certainly they need. Relationships are currently being built at governance and leadership levels, and migrations plans are forming for central services. We are already aware of some immediate challenges and the priority is to achieve a "safe landing" for all schools being welcomed into our Trust. The DfE have put us through our financial paces with a School Resource Management Adviser deployment being a condition of the transfer. This was a very useful exercise, and the report provides forensic evidence to support the Trust's scalability, and also uncovered further cost efficiencies for us to drive for.

We will need to be both strong and efficient to navigate the financial uncertainty of the next few years, with increasing cost pressures and impending stagflation. Budgeting is a complex area with too many unknowns around income streams to be able to form reliable assumptions. As resources tighten, we are experiencing new and high levels of need to support the mental health and wellbeing of students and staff. We need to be agile and innovative, embracing wider business opportunities to deliver the Trust's objective of delivering the highest quality, Catholic education.

Vantage Teaching School Hub has quickly established itself as a major opportunity. Working In partnership with other key providers for the benefit of our region and beyond; Vantage is rapidly building up a solid reputation and its reach and influence is impressive and exceeding DfE's expectations.

As a Trust, we are also looking to lead on environmental, social and governance reporting (ESG), and, of course, net zero. We are actively pursuing the government's decarbonisation strategy, low carbon funding opportunities and are currently deploying a whole Trust LED lighting solution.

More innovation is on the horizon with the Trust's digital strategy. This will, undoubtedly, give us a real edge in the classroom and across the business. A major investment, this will see unprecedented levels of IT equipment deployed in support of ambitious teaching and learning outcomes. The strategy is wrapped up in a rich programme of continuous professional development for staff and students. It will transform some curriculum delivery, enhance all and deliver significant improvements to workload management for our staff.

However, technology also presents a growing threat to the security of the Trust. Fraud and cybercrime have increased risk levels and much work is being done by our IT specialists to ensure that the Trust's defences are robust, and that our staff and students are aware.

A Catholic Multi Academy Trust is a complex business and requires the highest levels of statutory compliance and financial diligence. Our Trust benefits from a team of committed and highly skilled professionals who it is my privilege to lead. I am dedicated to ensuring we meet the rigorous standards set out for us in the Academy Trust Handbook. Alongside this, I am equally driven to keep our Trust's mission at the heart of all we do in the service of our young people.

55 FINANCIAL POLICIES FOR REVIEW. Directors were asked to approve the following policies and procedures, copies of which had been circulated in advance of the meeting:

- Environmental policy statement
- Health and safety policy
- Risk management policy

The CFO advised that there had been very few changes made to the documents.

RESOLVED: that the policies be approved, as presented.

56 CAPITAL ASSETS PLAN. The CFO advised that although there had been some changes to the plan, the number of projects was expected to be reduced due to increased costs and delayed supplies.

Directors' attention was drawn to boiler replacements at St Anthony's and the ALP cabin at St Mary's College. An updated Capital Plan would be circulated at the first meeting in the autumn term.

The CFO reported that the DfE Asset Management team had visited all schools as part of the national Condition Data 2 survey. The survey had detected structural faults at Endsleigh which required further exploratory investigation. Issues of a lesser degree had also been detected at St Vincent's.

It was noted that structural works had been completed at St Charles; it had taken a whole year to reach this point.

57 HEALTH AND SAFETY REPORT. It was noted this would be considered as a Part B item (minute 63 refers).

ANY OTHER URGENT BUSINESS.

58 ST VINCENT'S NURSERY PROVISION. Directors were informed that St Vincent's nursery had exceeded all expectations and had reached admissions capacity of 26 at the start of the summer term. This had supported an improvement in the financial position, and a request had been received to provide additional staffing to reflect the changed position.

In response to questions, the COO(P) explained that Ofsted had been very impressed by the provision and the increase in pupil numbers had been in part, a result of the high profile of the provision and the high level of movement in the area.

Directors acknowledged the positive impact of the decision to invest in this area.

59 CHARGES.

Bus – the CFO advised that following an increase earlier in the year, there were no plans to increase charges further.

The bus contract had been reviewed and Ellie-Rose had been re-awarded the contract however, they had been unable to provide a service to St Thomas More. The current provider of this service (EYMS) had increased their charge from £120 to £260 per day.

The CFO presented a proposal to lease three, seventeen-seater minibuses which would be used as an alternative. The vehicles could be used for other activities throughout the day and driven by staff employed by the Trust.

Directors questioned the use of the current fleet. In response, the CFO advised that the Trust currently had two minibuses however, the way in which these were used would not make them available during school arrival and departure times. She advised that the provision would be cost effective and as the school would not be sustainable without the pupils, there was no alternative option.

RESOLVED: that the formal proposal be presented for Directors to consider.

Music – it was noted that as music fees had been increased last year, there were no plans to increase them again. The current arrangement provided universal access and generated high levels of interest.

Sports academy lettings – although small increases would be proposed to the Sports Development Company, the offer would remain competitive and below average market rates.

Catering – it was planned to develop a licensed facility within the sports academy for use after school hours. The hire of the facilities would be competitively priced and managed by the Sports Development Company.

60 DATE AND TIME OF NEXT MEETING. It was noted that the dates and times for meetings in 2022/23 would be agreed at the Board meeting.

The meeting adjourned at 6.00pm to allow the Audit and Risk Committee to meet and receive a presentation from Mr Lewis, RSM.

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signature of chair

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PART B - NOT FOR PUBLICATION

Confidential items covered by the Articles of Association.

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signature of chair