

INDEPENDENT PROFESSIONAL CLERKING SERVICES

The St Cuthbert's Roman Catholic Academy Trust

Minutes of a virtual meeting of the Finance, Audit and Capital Assets Committee
held on 3 December 2020 at 5.00pm

PRESENT: Mr P Fearnley, in the Chair,
Mr M Davidson, Ms R Dex, Mrs L Dyas, Mr M Gallagher,

IN ATTENDANCE: Mr G Fitzpatrick, Accounting Officer,
Mrs A Hunter, Internal Finance Manager,
Mr A Rookes, Finance Manager,
Mrs K Siedle, COO(Primary),
Mrs S Teasdale, Chief Finance Officer

CLERK TO THE BOARD: Mrs M Gibson, Independent Professional Clerking Services

546 OPENING PRAYER. Mr Gallagher opened the meeting with a prayer.

547 APOLOGIES. Apologies for absence were received from Mr Davison.

The Chair outlined the current position in terms of Mr Davison's work commitments.

548 DECLARATIONS OF INTEREST. No declarations were submitted in addition to those already received.

549 MINUTES OF THE LAST MEETING.

RESOLVED: that the minutes of the meeting held on 22 October 2020 be confirmed as a correct record and signed by the Chair.

550 MATTERS ARISING FROM THE MINUTES. It was noted that actions and updates would be received during the meeting.

FINANCE

551 BUDGET UPDATE. The CFO and Finance Manager presented a number of financial reports, copies of which had been circulated in advance of the meeting.

i) Financial Position.

The Finance Manager drew attention to the format of the reports which had been changed following introduction of new software.

Detailed report – presented an improving position for 2020/21 and 2021/22 despite the projected deficit position.

Budget variances – outlined variances to the approved budget which reflected the improved budget position presented in the detailed report:

- reduced non-teacher pension contributions; consolidated average = 18.6% (this had previously been 24% for some schools); and
- reallocation of equipment lease costs to release capital funding to focus on planned capital projects.

Consolidated budget report – Directors commended the clarity of this report.

Directors questioned the inclusion of £1.4million included in RI-5-80 (donations). In response, it was explained this was the central service charge to which all schools contributed.

Directors asked if pupil numbers could be included for the primary schools; this would allow them to monitor trends and challenges. In response, the Finance Manager advised that the reports would be developed to include information which influenced the financial position including pupil numbers and the allocation of staff costs.

The Finance Manager pointed out that budgets for the primary schools were significantly influenced by pupil numbers and unfortunately, all were decreasing. He pointed out that admission of an additional 10 pupils to each primary school over the next three years would help to address the projected deficit. The CFO stated that this could be accomplished and invited the COO(P) to outline plans currently in place to achieve this.

The COO(P) reported that evaluations had been conducted and it could be evidenced schools had been affected by mobility, particularly St Richard's, which was in an area of significant housing development, and St Vincent's which historically suffered with high population mobility.

In terms of actions to address reducing numbers:

- Head's of School, were actively promoting FS1 provision within the school community and offering additional hours;
- the closing date for FS2 applications was the end of January 2021; Covid restrictions were affecting normal activities; professional videos were being produced to circulate to prospective parents;
- web pages were being developed to promote FS2 provision and advising of the facilities available for children aged 3 to 11 years, including links to St Mary's College; and
- primary leaders continued to reflect and feedback on comments received from parents.

Directors asked if younger children were being kept at home by parents due to the current Covid situation. In response, the COO(P) advised that it was difficult to establish in a non-statutory age group. She added that private provision in the St Thomas More area had closed due to lack of children attending.

The CFO advised that the local demographic was on a downward trend and unfortunately, the catholic primary schools appeared to be more affected by this. The modelling completed escalated the scale of the task to be undertaken to ensure at least a small improvement across all primary schools.

Directors asked if research could be conducted within the Parishes to establish why parents did not send their children to catholic primary schools. In response, it was explained that, with the exception of St Richard's, primary school numbers had remained in line with expectation.

The Accounting Officer reminded Directors of the turbulence created by Brexit; this had impacted on pupil numbers over the last few years. He pointed out that increased stability in terms of leadership and effectiveness would be the best marketing tool to promote the primary schools. The aim would be to ensure all catholic schools were high performing to make them attractive to parents; he acknowledged there was some way to go to achieve this. He pointed out that leadership changes had allowed the COO(P) to undertake a more strategic approach to school improvement and it was important to be patient and not over-react. He concluded that pupil numbers would continue to be monitored and all options explored.

In response to a point for clarification, the Finance Manager confirmed that pupil numbers included in the budget were based on actual figures for current years. He added that more detailed year group analysis could be presented at the next meeting.

RESOLVED: that detailed analysis of pupil numbers by year group be presented at the next meeting.

Cashflow – the Finance Manager reported that the situation was unchanged from previous reports.

Graphs – these were presented for Directors to visualise income streams and expenditure. The graphs would be refined to meet the specific expectations of Directors.

Directors commented that graph 19 differed to the others presented. In response, the Finance Manager clarified that the graph reflected costs for the central trust account.

ii) Arrangements for submission of annual accounts.

Directors were reminded of plans to present financial statements at the Trust Board meeting arranged to take place on 14 January 2021; this would allow submissions to be made to the ESFA in a timely manner. A summary of the information to be presented had been circulated prior to this meeting; this provided an indication of the position although an element of finalising was required.

In response to a point for clarification, it was noted that the ESFA had realigned reporting requirements, including the suspension of some areas.

AUDIT

552 REPORT FROM THE CHIEF FINANCIAL OFFICER. The CFO presented her report, copies of which had been circulated in advance of the meeting. Key points were noted as follows:

Accounting Officer Report

Regularity:

- The annual external audit was nearing completion. Draft accounts had been passed to RSM and final accounts would be presented to the Board at the rearranged meeting scheduled to take place on 14 January 2021, prior to the submission deadline.
- Hull City Council IT reimbursement costs of £150,000 for the new building had been received.
- The autumn census had been completed.
- Register of Business Interests Forms had been recirculated by the Clerk to ensure this was completed for 2020 - 2021.

Propriety:

- A response to Eileen Milner's letter had been sent by Chair and acknowledged.
- Guidance from the Auditor on "Going Concern" had been received and distributed electronically to Directors.
- Guidance on Internal Audit and Board Assurance Function had been shared by the Auditor for consideration; the Internal Finance Manager and CFO were working through the options.

Value for Money:

- procurement for school uniform, MFD and printing was ongoing.
- Salix Bids had been submitted for St Richard's, St Mary Queen of Martyrs and St Thomas More Primary Schools. Information had been received that funds had been allocated and although this was not good news, other funding options would be explored.
- Work was underway to submit further bids to National Decarbonisation Fund by 11 January 2021 deadline.
- The trust-wide window cleaning tender had been completed; Randalls had been appointed and a saving of approx. £5,000 was expected.

Directors asked if works identified for potential Salix funding was critical. In response, it was explained that the heating system at St Richard's and glazing across a variety of sites had been identified as critical works; these would be funded from elsewhere if Salix funding was not received.

Chief Financial Officer Report

The main focus for the second Autumn half term had been completion of a successful external audit and settling into the new centralised financial routines. The recent addition of a Business Support Manager and a Manager for Internal Scrutiny to the central finance team had delivered immediate benefits. Responsiveness to the changing needs of the business and progress of financial assurance and compliance, with the tools and techniques encouraged by the ESFA, had been increased.

The Schools and Academies Show had been held virtually from 17 to 20 November 2020. It had featured speeches and presentations from leaders in the sector including the Minister for Education, Gavin Williamson and the Schools Commissioner, Dominic Herrington.

The CFO had attended various sessions and agreed to share some content from Warwick Sharp, Director of Academies, on ESFA supporting schools with good governance and strong financial health.

Accountability, transparency and support were the ESFA's core principles that underpinned their stated ambitions of:

- 1. VALUE FOR MONEY*
- 2. STRONG FINANCIAL HEALTH*
- 3. ASSURANCE FRAMEWORK & COMPLIANCE.*

To support Trustees in delivering financial health and improvement they provided the Academies Financial Handbook and the Academies Accounts Direction.

They also provided a range of guidance to support Trusts as follows:

- Operating as a Going Concern – shared by the Clerk 2020*
- Academy Trust Risk Management – shared 2019-20*
- Understanding your Data – shared 2019-20*
- Updated Guidance on Internal Scrutiny – shared 2019-20*
- School Financial Benchmarking Service – regular updates by CFO*
- Competency Framework – membership of NGA and the Clerk provides training and development opportunities*
- Resource Management – regular updates by CFO.*
- View my Financial Insights – regular updates by CFO.*

In summary, the primary responsibility for the oversight of financial health sat with Directors. The CFO expressed confidence that the tools and techniques recommended were being used effectively and in some cases, were required by the ESFA to demonstrate financial assurance and compliance.

ESFA Updates

- The deadline for submission of the Academies Accounts Return had been extended to 23 February 2021; the portal opened on 10 November 2020.
- The 'Good Practice Going Concern' guide had been released and distributed to Directors. FRS102 standard definition was to have adequate liquidity (cashflow) to meet all financial obligations for "12 months from the date when the financial statements were authorised for issue".
- The CFO had booked onto an ESFA virtual Finance Director's event on 21 January 2021.
- Land and Buildings Collection Tool was due on 28 January 2021.
- The DfE had launched a new furniture framework.

Directors requested an update on the insurance claims for school trips. In response, the CFO reported that all claims except one had been settled; the outstanding claim was expected to be resolved in the new year.

553 CORRESPONDENCE FROM THE ESFA. This item had been discussed in the CFO's report (minute 552 refers).

554 AUDIT REPORTS.

The Internal Finance Manager reported that various aspects of financial processes would be reviewed each term using a RAG system; all areas identified amber or red would be reported to Directors.

There would be a review of bank processes including reconciliations, charge cards and mandates. Initial indications were that procedural areas required tightening although no serious areas of concern had been apparent.

Directors asked that a full position statement be presented once completed. In response, the CFO advised that a rolling report would be produced to demonstrate progress; challenge to the report would be welcomed.

555 POLICIES FOR REVIEW. Directors were asked to approve the following policies, copies of which had been circulated electronically in advance of the meeting.

- Anti-fraud and corruption policy
- Director expenses policy
- 16-19 bursary fund policy

RESOLVED: that the policies be approved, as presented.

556 SPORTS DEVELOPMENT COMPANY. Directors received, for information, SDC accounts for the year ended 31 August 2020.

It was pointed out that the Sports Academy had been impacted by Covid. Grants had been received to cover staff salaries and costs had been reduced due to closure; despite this, the accounts had recorded a £15,000 surplus.

Directors were reminded that a discussion was required to determine long term plans for the future operation and management of the facility.

Directors sought reassurance that the facility had not profited from the Covid situation.

In response, the Finance Manager reported that a small deficit had been reported last year however, plans had been developed to address this by increasing income and reducing costs. He assured Directors that the grants received had been to cover staffing costs; savings had been generated by reducing expenditure due to the closure of the facilities.

HEALTH, SAFETY AND PREMISES.

557 HEALTH, SAFETY UPDATE. Directors were informed that risk assessments and guidance had been continually reviewed to reflect changes in local restrictions.

The CEO reported that he continued to attend LA briefings (two each week). The Latest briefing had reported a reduction in infection rates and had discussed post-Christmas arrangements.

Directors were informed that detailed analysis of the impact of Covid on attendance had been reported to the HR Committee.

558 CAPITAL ASSETS UPDATE. The CFO reported that the Capital Assets plan was under review; an updated programme would be presented at the next meeting.

In response to a point for clarification, the CFO reported that the School Allocation Funding had been confirmed and the plan would be structured around this. The funding of £500,000 would be received in two payments.

RESOLVED: that an updated Capital programme be presented at the next meeting.

Directors asked for an update on the new building. In response it was reported that the new block was open to students; long term it was expected to impact positively on congestion as students moved around the site.

559 DATES AND TIMES OF NEXT MEETINGS.

RESOLVED: that dates and times of the next meetings be confirmed as follows:

21 January, 11 March, 6 May and 8 July 2021
all meetings start at 5.00pm

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signature of chair

ACTIONS

Minute No	Action	By who	By when
551(i)	Detailed analysis of pupil numbers by year group	CFO – report Clerk - agenda	07.01.2021
558	Updated Capital Programme	CFO – report Clerk - agenda	07.01.2021

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PART B - NOT FOR PUBLICATION

Confidential items covered by the Articles of Association.

560 MINUTES OF THE LAST MEETING – PART B.

RESOLVED: that the minutes of the meeting held on 22 October 2020 be confirmed as a correct record and signed by the Chair.

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

562 ACCOUNTING OFFICER AND CHIEF FINANCIAL OFFICER UPDATE.

The AO reported that the outcome of the Teaching Hub bid was expected to be received before the end of term.

563 EXPANSION PROJECT. This had been reported on earlier (minute 558 refers).

564 GENDER PAY GAP REPORTING. It was noted that reporting on this had been suspended.

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signature of chair