

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 22 October 2020 at 5.00pm

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

IN ATTENDANCE: Mr G Fitzpatrick, Accounting Officer,
Mrs A Hunter, Internal Finance Manager,
Mrs S Parnell, Business Support Manager,
Mr A Rookes, Finance Manager,
Mrs S Teasdale, Chief Finance Officer

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

526 OPENING PRAYER. Mr Davidson opened the meeting with a prayer.

Concern was expressed at the late circulation of papers. The Clerk apologised for this advising that there had been miscommunication between herself and the Finance Manager. It was proposed that as Directors had not had sufficient time to review the information, comments, questions and challenges be presented after the meeting if required. Directors were reminded of the robust process conducted by the SLT prior to reports being circulated; this was done as late as possible to ensure all information was updated and actions reported on.

527 ELECTION OF CHAIR.

RESOLVED: that Mr Fearnley be elected Chair for the academic year.

528 APOLOGIES. Apologies for absence were received from Mr Perry and Mrs Siedle.

Ms Dex reported that she needed to leave the meeting at 6.00pm.

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

It was noted that register of interest forms would be circulated later in the term for completion at the full board meeting.

530 MINUTES OF THE LAST MEETING.

RESOLVED: that the minutes of the meeting held on 2 July 2020 be confirmed as a correct record and signed by the Chair, subject to comments received after the meeting.

531 MATTERS ARISING FROM THE MINUTES.

School Uniform (minute 514(iv) refers).

The CFO reported that an options meeting would be arranged with alternative suppliers to review the supply of uniform. Consideration would be given to accessibility, availability, cost and quality; in addition, favour would be given to any supplier who could support the recycling of uniform.

Directors expressed concern at reports of lack of availability which had not been helped by poor service from the supplier. In response, the CFO advised that leaders were aware of the criticisms of the current supplier; future supplier(s) would need to evidence these would not be repeated in the future.

Directors emphasised the importance of being able to provide high quality recycled items.

532 DELEGATED LEVELS OF AUTHORITY. Directors were asked to consider an increase in delegated authority for Primary Heads of School from £1000 to £1500 to allow more autonomy on the purchase of low value items.

RESOLVED: that delegated levels of authority be recommended to the board, as follows:

Primary Heads of School increase from £1000 to £1500
Secondary Head of School and COO(P) remain at £10,000
CFO remain at £10,000
AO/CEO remain at £50,000
Directors remain at above £50,000

Directors were informed that with the increase in negotiation of trust wide contracts it was likely they would be asked to approve more transactions.

FINANCE

533 BUDGET UPDATE. The CFO and Finance Manager presented a number of financial reports.

The Finance Manager acknowledged that not all Directors had received the reports in advance of the meeting. He explained the format of the reports was slightly different to previous due to the introduction of new software to provide consistent reporting across the trust in line with ESFA regulations.

Thanks were conveyed to the Business Support Manager and the Internal Finance Manager for working on the system to allow draft reports to be produced for this meeting. The new system assisted the creation of reports in a more efficient way to provide information based on a variety of scenarios which supported more effective planning.

Consolidated Budget Report

The Finance Manager highlighted the projected deficit of £342,502 at the end of 2020/21. He advised that this had predominantly been a result of three of the five primary schools projecting an increased deficit position.

Directors expressed concern at the projection and asked for clarification on how this had developed. In response the CFO drew attention to falling pupil numbers affecting all primary schools except Endsleigh. She advised that the three year trend analysis reduced income by £400,000+; despite this site costs would not reduce; this was challenging particularly at St Richard's and St Thomas More which were big schools in terms of space but were facing significantly diminishing pupil numbers.

The Finance Manager added that there had also been an increase in the national pay award for all staff; this had been above expectation and no indication had been received regarding the receipt of funding to cover this.

Directors asked if there were reasons for the fall in pupil numbers which appeared to be quite significant. In response, it was reported that there was a decline across the city however, the impact on the catholic primary schools appeared to be more substantial than other, local schools.

Directors reminded leaders of the investment made to increase pupil numbers especially for St Thomas More. In response, it was pointed out that numbers had increased year on year at St Thomas More as a result of the investment however, the rate of loss this year had been high.

Directors asked at what point the finance team had become aware of the issue. The CFO responded that there had been no advance visibility of the situation due to the fluidity of pupil numbers across the city. The full extent of the issue had become increasingly apparent at the beginning of October 2020 when schools were preparing for the census submission.

Directors asked if any specific reason for the reduction had been identified. The CFO responded that work was ongoing with the COO(P) and Heads of School to identify this.

Directors asked if regular reviews were conducted of actual numbers against the PAN. In response, it was reported that this exercise was conducted annually. The information received had been distorted due to high numbers lost at St Richard's following housing development. Prior to this year other schools had been stable or increasing.

Directors asked if lockdown had impacted on parents' choice of school, possibly selecting to take children to a nearby school. In response, the CFO stated that three year analysis on pupil numbers would demonstrate actual numbers against PAN alongside pupil movement; this information could be shared.

Directors emphasised the need to understand where pupils expected to join catholic primary schools had gone and what they could do to support a reverse of the trend. They added that it also needed to be understood why there was not the same level of demand for the primary schools as shown for the secondary school.

Directors asked that pupil numbers for each school be circulated along with the specific information held on the DfE website. CFO agreed to arrange this.

RESOLVED: i) that detailed information relating to pupil numbers for each school be presented at the next meeting.

Mr Fitzpatrick joined the meeting.

The AO advised that the subject of primary schools, specifically pupil numbers, premises and the impact on finance had been on the agenda for a diocesan meeting which had been cancelled due to absence of the Diocesan Director of Schools, through illness.

St Mary's College Budget

Directors' attention was drawn to the budget forecast for St Mary's College based on 360 student intake for Year 7, which projected a £67,000 deficit for 2020/21. It was highlighted that assumptions had been based on increased student numbers which was a contrary position to the primary schools. Although this had projected a surplus balance beyond 2021, this was being dealt with cautiously due to the uncertainty on the need for additional resources.

The Sixth Form had also seen an increase in student numbers however, this was lagged funding with no mechanism to bring it forward.

Scenario 2 was based on a student intake of 400 from 2022/23. This would make a significant difference to the future year end balance although expenditure had not been adjusted so needed to be considered with caution.

Mrs Siedle joined the meeting.

The Chair pointed out that although the amounts discussed were concerning, they needed to be considered in the context of the size of the overall budget.

The Finance Manager pointed out that Covid Catch Up funding of £250,000 was expected to be received; this would be targeted towards additional resources which would be used in the best way possible.

In response to a question, the CFO confirmed exceptional Covid funding had been received.

Cashflow

The Finance Manager advised that cashflow had been impacted by the projected deficit. He gave assurance that there were sufficient funds in the bank however, there would be less flexibility.

Directors were informed that additional costs for the new building had been incurred during September and October 2020; these would be reimbursed by the LA in addition to the £150,000 capital funding.

The CFO reported that there had been a notable change in tone from the DfE in terms of reserves held. Organisations holding high levels of reserves would be scrutinised to establish plans for expenditure.

The CFO acknowledged the significant level of work required on admissions and the long term impact this may have on the budget; an update would be presented at the next meeting.

RESOLVED: ii) that a report on the long term impact of admissions be presented at the next meeting.

In response to a point for clarification, the CFO confirmed that capital funding had been received, as expected and included in the cashflow information.

Directors asked if the Schools Forum continued to meet and circulate demographic information, on which projected admission numbers were based. In response, it was reported that the LA had no capacity to plan in this area; this had been the case for some time.

The AO advised that Mr Skogg at the LA had started to develop modelling for secondary admission numbers. He suggested that the current situation may be an impact of Covid.

The COO(P) reported that LA officers believed Covid had had a massive impact on Reception numbers but had failed to understand why.

The AO reported on a virtual visit conducted by senior civil servants. He agreed to share the information which would outline difficulties in key areas including the increase in the number of families leaving the city. Work was needed to establish reasons and impact of this.

Directors conveyed thanks for the information presented.

AUDIT

534 REPORT FROM THE CHIEF FINANCIAL OFFICER. The CFO reported that despite the challenges, there had been no reduction in expectations both internally and externally.

Accounting Officer Report

Regularity:

- the three year budget forecast return had been submitted prior to the September deadline;
- Covid exceptional funding had been applied for; £250,000 had been received.
- the external audit was due to commence on 26 October 2020;
- the autumn census would be submitted by the 28 October 2020 deadline; and
- ESFA deadlines had been amended due to Covid.

Propriety:

- a letter dated 20 July 2020 had been received from the Chief Executive of the ESFA; headlines as follows (letter to be circulated):
 - Covid 19 support
 - Recent publications
 - Resuming ESFA activities
 - Financial returns 2020/2021
 - Fraud risk management
 - Health and safety – Good Estates Management for Schools (GEMS)
 - Annual reports and accounts

Value for Money:

- Business Support Manager appointed from September 2020;
- school uniform procurement commenced;
- MFD and printing procurement underway;
- Salix bids and decarbonisation funding bids being compiled for St Mary's College, St Mary Queen of Martyrs and St Richard's Primary Schools; if successful, this would relieve pressure of estates budgets;
- Value for money reviews of music service and nursery provision would be presented at the next meeting.

Chief Financial Officer Report

- General financial performance:
The impact of Covid had made the financial position highly volatile. Additional income streams, albeit welcome, failed to provide the long term financial stability required and disguised the underlying downward trend.

St Mary's College continued to grow in numbers and financial strength, reversing the recent years of projected in-year deficits. The primary school position was in sharp decline due to increased estate costs and falling admissions evidenced across all schools in the current census. The position was unsustainable and all available options required consideration.

- Schools funding:
There were uncertainties around funding which required clarification particularly pertaining to salary and pension costs.
- Accounting Officer letter – headlines:
 - Changes to the Academies Financial Handbook (presented at Board meeting held on 1 October 2020).
 - Changes to the Academies Accounts Direction.
 - Internal scrutiny – new report due 2020.
 - Revised financial submission dates (calendar to be circulated).
 - Guidance on pay policy and setting executive pay.
 - Good practice guides available on the web-site.

- Financial Benchmarking card:
Information had been received which allowed retrospective comparison with performance of similar trusts. A much more extensive exercise had been undertaken using a larger number of comparator schools. Information received had identified two areas for further scrutiny: support staff (TAs) expenditure and catering in relation to HCC costs; costs had been higher but not significantly.

The CFO concluded that in addition to the benchmarking exercise, preparations were underway to allow the current years' school resource management information to be presented at the next meeting. Use of the View My Financial Insights tool would enable reports to be produced with no time lag and assists the preparation a fully prioritised list of areas to investigate and model different scenarios.

Directors conveyed thanks to the CFO for her comprehensive report.

535 HEALTH, SAFETY AND CAPITAL ASSETS UPDATE.

Directors were informed that pressures on the budget demanded capital expenditure planning be accurate and secure. To ensure this, an interim refresh had been commissioned on the asset management plan to validate current priorities. The capital prioritisation plan would be reviewed once the refresh had been completed.

Directors asked if priorities identified in the original asset management plan continued to be addressed. In response, it was reported that all key priorities, with the exception of the Endsleigh perimeter wall, had been completed.

In terms of health and safety, it was noted that this had been dominated by the Covid agenda. The CFO advised that the situation continued to be fluid and volatile and they were doing their utmost to respond to continually changing local and national guidance.

It was reported that the expansion of St Mary's College had been affected by an on-site Covid outbreak. Despite this, there was confidence the handover of the building would take place on 28 October 2020. The CFO reported that site staff were working around the clock to ensure this happened.

Directors sought clarification on plans for migration to the new building. In response, the AO advised that a plan would be developed; this was contingent on confirmation of the date of handover. One option would be to delay the reopening of the college by one day following the half term break; if this was approved, parents could be contacted to give maximum notice. It was pointed out that the process was made more complex by the need to protect bubbles and restore specialist rooms (IT/science) to provide access to KS4 students. The AO emphasised he would not wish for the college to be closed by more than one day, however, it would not be suitable for students to be in attendance whilst the transition was undertaken.

RESOLVED: that Directors approve the one day closure of the college to allow transition to the new building.

Ms Dex left the meeting.

AUDIT

- 536 EDUCATION AND SKILLS FUNDING AGENCY. It was noted that updates from the ESFA had been reported earlier (minute 534 refers).
- 537 ACADEMIES FINANCIAL HANDBOOK. It was noted that changes to the Academies Financial Handbook had been discussed at the Board meeting held on 1 October 2020.
- 538 INTERNAL AUDITS. Directors were informed that new procedures for financial management would be launched in primary schools and across the central function. A review would be undertaken to establish the volume of transactions as the revised system was embedded.

It was reported that The Internal Finance Manager (IFM) had commenced an internal audit, starting with a review of the register of business interests, expenses and payroll. The programme for internal scrutiny would allow for thorough checks to be conducted to detect signs of misuse or mismanagement. Any areas identified would be reported to the Chair.

In response to a question, the CFO advised that any indication of misuse or mismanagement involving senior management would be reported directly to the Chair. The requirement for this was explicit in guidance and included in the IFM's job description. The CFO added that the IFM would present reports directly to the committee at future meetings.

Directors were asked to note that a review of bank processes and purchasing would be conducted this term.

- 539 STATUTORY ACCOUNTS. The CFO advised that everything was in place to allow the management accounts to be presented within agreed timescales.
- 540 GDPR PLAN. It was reported that there had been a significant increase in subject access requests and applications for other information. There were no specific issues with this although one request had been potentially vexatious.

Directors asked if additional precautions had been put into place to reflect the increase in remote/off-site working. In response, the CFO advised that virtual training held at the beginning of term included a presentation of adapted GDPR responsibilities for staff whilst working remotely.

The CFO confirmed that there had been no data breaches or losses to report.

- 541 FINANCIAL POLICIES REVIEW. It was noted that the pay policy would be reviewed. This would be presented to the HR Committee for approval.

542 DATES AND TIMES OF NEXT MEETINGS.

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

3 December 2020
21 January, 11 March, 6 May and 8 July 2021
all meetings start at 5.00pm

Mrs Hunter and Mrs Parnell were thanked for their attendance and left the meeting.

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signature of chair

ACTIONS

Minute No	Action	By who	By when
532	Delegated levels of authority be recommended to the Board	Clerk - agenda	26.11.2020
533(i)	Detailed information relating to pupil numbers be presented at the next meeting	Clerk – agenda CFO - report	19.11.2020
533(ii)	Report on the long term impact of admissions be presented at the next meeting	Clerk – agenda CFO - report	19.11.2020

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PART B - NOT FOR PUBLICATION

Confidential items covered by the Articles of Association.

543 MINUTES OF THE LAST MEETING – PART B.

RESOLVED: that the minutes of the meeting held on 2 July 2020 be confirmed as a correct record and signed by the Chair, subject to comments received after the meeting.

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

545 ACCOUNTING OFFICER AND CHIEF FINANCIAL OFFICER UPDATE. There was no further information to present.

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signature of chair