

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 21 January 2021 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

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

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

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

568 MINUTES OF THE LAST MEETING.

RESOLVED: that the minutes of the meeting held on 3 December 2020 be confirmed as a correct record and signed by the Chair.

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

FINANCE

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

The Finance Manager reported that there had been little change since the last meeting. He drew attention to the projected deficit which had increased by £10,000; he explained this was predominantly attributed to the agreed allocation of £5000 to each primary school.

In terms of changes to the budget, the Finance Manager reported that:

- Donations – had been amended to reflect the removal of central funds from 2021; and
- Educational supplies - the variance was attributed to the allocation to primary schools referred to earlier.

The Finance Manager drew Directors' attention to the variance report. He advised that this reflected the central position and work was ongoing to develop a report which would provide detail for individual schools.

A number of graphs were also presented which provided information in relation to:

- the proportion of income received and demonstrated the significantly high level of income for St Mary's College; and
- staff ratio – how this was different in each school.

Directors commended the level of detail presented in each report. They conveyed thanks to the Finance Manager for harmonising the reports to provide consistency and clarity on the information available.

The Finance Manager stated that there was still work to do to provide consistent reporting to a level he would be satisfied with. This included development of reports to provide comparisons between budgeted and actual income and expenditure.

Directors asked where salaries for schools headed by the COO(P) were recorded. In response, the Finance Manager advised that elements of costs for the COO(P) had been allocated to St Charles Primary School. He added that staffing costs across the trust accurately reflected the current position in terms of leadership and staff allocation.

Directors asked how accurate cashflow projections had been. In response, the Finance Manager reported that the projection for December 2020 = £653,000; actual = £690,000. He advised that this was continually tracked and steps were in place to ensure payments were made in a timely manner but did not impact on cashflow.

Directors asked if examination fees continued to be paid. In response it was reported that examination boards had indicated small refunds would be made however, the current assumption would be that charges would be paid, as expected, in April 2021.

The Accounting Officer commented that a general view was that payment of examination fees in full was unjustified and this would continue to be pursued.

Directors pointed out that there had been considerable investment made to improve the situation at St Thomas More Primary School; despite this, a deficit was projected for the end of the year. They asked how long the situation could be sustained. In response, the Accounting Officer advised that a report had been commissioned to provide an extensive review of the primary estate. This had been arranged with full support of the diocese. Esteem had been invited to consider all options without making a pre-determined outcome. He emphasised that current budget difficulties reflected gaps in pupil numbers and school leaders were working in the best way possible to address this.

The COO(P) reported that a strategy had been developed which had been interrupted by Covid and prevented normal promotion activities to be conducted. Virtual tours had been arranged via video for each school.

Directors sought clarification on the commissioned report in terms of timescale. In response, the CFO advised that preliminary meetings had been held and a report outlining potential options would be shared as soon as it was available. She added that Delaney Marling had also been invited to review asset plans which would be considered alongside options delivered by Esteem to develop a strategic plan.

In response to a final question, the CFO confirmed that the governments furlough scheme continued to be used when appropriate.

AUDIT

Questions were invited following presentation of the annual audit report at the Trust Board meeting held on 14 January 2021.

Concern was expressed at the emphasis the Auditor had placed on the cashflow position. Directors asked if there was any further information or monitoring they should consider. In response, the Chair advised that he had spoken to the Auditor following the meeting and he had confirmed that the issue had not been specific to the St Cuthbert's Trust.

The Finance Manager responded that the limit for reserves had been set at £350,000 and it would be aimed to maintain this however, this would not be at the detriment of the quality of teaching and learning across the Trust. He reminded Directors of the discussion earlier which had outlined strategies available to manage the cashflow and ensure limits were maintained.

Directors highlighted that receipt of income would impact on cashflow and asked if receipts would be delayed. In response, the Finance Manager reported that funds from the ESFA were unlikely to be delayed however, this was not always the case with funding from the LA.

The CFO advised that she would not recommend a reduction in reserves as the current level allowed monthly commitments to be met without undue concern. The Finance Manager concurred with this view.

Directors asked if there was potential to generate lettings income in the current circumstances. In response, it was reported that most lettings had ceased due to the current situation however, agreement had been made with a community church group as they were able to meet despite lockdown.

The Finance Manager concluded that there had been no opportunity to reconcile the budget with the annual statutory accounts submission; this would be presented at the next meeting.

RESOLVED: that confirmation of the budget reconciliation and the annual statutory accounts submission be received at the next meeting.

571 REPORT FROM THE CHIEF FINANCIAL OFFICER.

Accounting Officer Report

1. Regularity

- *Annual external audit successfully completed within the deadline. Draft accounts had been presented to the Trust Board on 14 January 2021, prior to the submission deadline. Full sign off was expected to be confirmed by the end of this week (prior to the deadline).*
- *Internal Scrutiny Report due to ESFA with External Audit also completed ahead of deadline. The CFO confirmed that all actions identified in the audit had been completed and agreed by the auditor and would be submitted prior to the deadline.*
- *1 item noted on Management Report as an advisory relating to a settlement agreement.*
- *RSM had given an unqualified opinion that the Trust remained a "Going Concern".*
- *The Land and Buildings Collection Tool was due to be submitted to the Diocese for confirmation prior to submission to the ESFA by the 28 January 2021 deadline. The new format was proving difficult, but this would be completed, subject to resolution of technical difficulties.*

2. Propriety

- *No response had been received from Eileen Milner to the letter sent in November 2020 regarding Executive Pay.*

3. Value for Money

- *All bids for sustainable projects were unsuccessful due to premature withdrawal of national funding due to the pandemic. They remained on the backburner to re submit should further funding become available.*
- *Improved energy deal for St Mary's College has been achieved and notice to withdraw from the Primary LA energy framework has been issued.*
- *School Uniform procurement ongoing.*
- *MFD & Printing procurement ongoing*
- *The Business Support Manager has commenced her CIPS (Certificate in Procurement) qualification to support the Trust's drive for value and compliance.*

Chief Financial Officer Report

The second half of the Autumn term 2020 and start of the Spring term 2021 had been consumed by completing the external audit and once again managing in lockdown. The team continued to work remotely and were deploying ingenious methods to ensure that work was completed in a timely and compliant manner. The team was trying to balance the budget against a backdrop of unplanned expenditure to support the COVID agenda and capture savings where legally appropriate.

The CFO commended the professionalism and patience of the team during the current challenging period.

The CFO advised that elements of funding had been received to cover aspects of exceptional expenditure; records were being maintained to ensure funds could be claimed as appropriate. She added that savings were being identified when appropriate.

Schools remained open to children of key workers and vulnerable students. The uptake had been higher than summer term 2020 across all schools. The CFO confirmed that she was leading the Lateral Flow Testing across St Mary's College which was absorbing a significant amount of time and resource to ensure the offer to staff and students was of the highest standards in terms of this medical initiative.

Testing would also be made available to primary staff and they were responsible for their own testing and administration. These particular goalposts were changing on a daily basis.

The CFO highlighted the short notice in which the testing had been directed for primary schools. She advised that although testing was voluntary, it had been well received.

The CFO reported that she had attended a virtual Finance Director's event earlier in the day with the Chair. Key messages had been delivered as follows:

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

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

The ESFA was increasingly looking to Directors to provide dynamic, strong and good governance. This was seen as an imperative to the success of the sector. The headlines were as follows:

- Better Financial Reporting Programme Update*
- Funding*
- Effective Procurement*
- Governance*
- Key notes had been provided by Baroness Berridge (Parliamentary Under Secretary of State for the School System), Eileen Milner (CEO, ESFA) & Warwick Sharp (Director of Academies).*

The CFO advised that elements of the event had been useful although the presentations had been disappointing. The Chair commented that the session had highlighted the increased regulation which could impact on the way in which academy trusts operated.

ESFA Updates

- 9 December 2020 – School Management Resource Tool updated and revised checklist to be reviewed next meeting.*
- 17 December 2020 – RPA insurance premium increased by £1 to £19 per pupil. This was deducted automatically from the GAG.*

In response to a point for clarification, the CFO explained RPA (Risk Protection Arrangement) was a government insurance product administered by Tower Hills. Areas not covered including cyber security and lease vehicles, were covered elsewhere.

572 CORRESPONDENCE FROM THE ESFA. This item had been discussed in the CFO's report (minute 571 refers).

573 AUDIT REPORTS. The CFO advised that it had been hoped to sign off the annual audit and financial statement at the meeting however, this had not been possible, and they would be signed off imminently.

The Internal Finance Manager reported that she had reviewed purchases and although this had been difficult due to working remotely, no areas of concern had been identified, although it had been recognised processes needed to be tightened.

Directors were informed that the area of focus for the second half term would be a review of on-line banking and petty cash systems.

The CFO advised that information would be circulated in advance of each meeting to report on areas of focus and outcomes of reviews conducted.

In response to a point for clarification, the CFO reiterated that areas of control identified during the recent audit had been completed.

574 POLICIES FOR REVIEW. It was noted that there were no policies to review this term.

HEALTH, SAFETY AND PREMISES.

575 HEALTH, SAFETY UPDATE. The CFO advised that the focus continued to be on Covid risk assessments and safe opening of schools.

Directors were informed that information had been requested by the diocesan Property Manager who planned to conduct a health and safety audit; no charge was expected to be made for the visit.

576 CAPITAL ASSETS UPDATE. The CFO reported that due to poor weather, it had not been possible to complete the external audit. This would be completed no later than 5 February 2021.

Directors asked if there would be any incentive to replace old, inefficient buildings with newer, greener buildings. In response, the CFO advised that green funding previously available had been withdrawn however, all options would be explored following receipt of the review to be completed by Esteem.

577 GENDER PAY GAP REPORTING. It was noted that reporting on this area remained on hold.

578 DATES AND TIMES OF NEXT MEETINGS.

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

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
570	confirmation of the budget reconciliation and the annual statutory accounts submission be received at the next meeting.	CFO – report Clerk - agenda	25.02.21

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PART B - NOT FOR PUBLICATION

Confidential items covered by the Articles of Association.

Mrs Hunter and Mr Rookes left the meeting.

579 MINUTES OF THE LAST MEETING – PART B.

RESOLVED: that the minutes of the meeting held on 3 December 2020 be confirmed
as a correct record and signed by the Chair.

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

581 ACCOUNTING OFFICER AND CHIEF FINANCIAL OFFICER UPDATE. It was noted there was no
further information to present.

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signature of chair