

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 8 July 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 M Lewis, RSM (for minute 616),
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

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

614 APOLOGIES. Apologies for absence were received from Mr Davison, Mr Fitzpatrick and Mrs Hunter.

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

616 AUDIT PLAN. Mr Lewis was invited to present the audit plan for the year ended 31 August 2021. He explained that RSM had been engaged to provide a true and fair opinion of the Trust and confirm regularity in line with ESFA guidance. He added that concerns evident of other Trusts were not apparent at St Cuthbert's Trust.

Mr Lewis drew Directors' attention to the audit plan and emerging issues document, copies of which would be circulated following the meeting. He explained key points within the documents and how they would be applied throughout the audit. He advised that a key area of focus would be to review additional funds received during Covid and to confirm they had been appropriately spent.

Mr Lewis advised that the ESFA had confirmed they would not extend deadlines this year and the submission date would not go beyond 31 December 2021.

Pages 4 - 5: the approach, scope and timetable for the audit.

Pages 6 – 9: overview of audit and business risks.

Page 10: confirmation of fees.

Pages 11 – 12: confirmation of independence

Mr Lewis reported that the ESFA had expressed concerns around boiler plate disclosures within trust financial statements. He advised that the model "Coketown" financial statements should be personalised to reflect the circumstances of the Trust.

Mr Lewis presented a summary of the key changes for the current year:

- Greater clarity had been provided on the content of the financial review section of the trustees report.
- Introduction of a new requirement for trusts which have had a Financial Notice to Improve in place at some point during the year to declare this and provide more information as to the details of the circumstances.
- Staff costs: where academy trusts had entered into an off payroll arrangement with someone who was not an employee, the amount paid by the Trust for that person's work for the trust in that role must also be included in the staff cost note as if they were an employee. The prior year amount should also be reported and restated if needed.
- The Academies Financial Handbook 2020 made it clear that AO and CFO should be employees of the Trust and a requirement for ESFA approval if they are not.
- Long term commitments: clarification is provided that service concession commitments (e.g. payments made under secondary agreements with the Local Authority) should be disclosed as part of "long term commitments, including operating leases.
- The Academies Accounts Direction 2020 to 2021 had reclassified some grants from DfE and ESFA. The comparatives would require changing together with disclosures explaining the change; Coketown has example wording to assist trusts with this.

Internal scrutiny – Mr Lewis reported that other Trusts had not been as proactive; St Cuthbert's had acted appropriately to ensure scrutiny of areas within the control framework which extended beyond finance.

Emerging issues – updated information would be published to reflect the revised Academies Handbook which included an emphasis on cyber security.

Governance – correct processes had been followed in terms of risk register and plans. Training would be arranged for Directors on Board Assurance; this would provide examples of best practice models.

Going concern – a checklist of areas for consideration was provided on page 11.

Streamlined energy and carbon reporting – Year 2 what action had been taken and what costs had been saved.

Cyber security – good practice needed to be in place to protect the organisation. This had a raised profile following several serious attacks on educational establishments.

Mr Lewis concluded by emphasising the biggest risk to the Trust was government policy relating to funding; without confirmation of this, there was uncertainty for planning for the future.

The CFO conveyed thanks to Mr Lewis for the time he had spent preparing for the process. She advised that all issues on the emerging issues list had been identified and strategies were in place to ensure they were addressed. She concluded that significant steps were taken to ensure best practice was applied to address concerns within the sector.

Mr Lewis was thanked for his informative presentation and left the meeting.

617 MINUTES OF THE LAST MEETING.

RESOLVED: that the minutes of the meeting held on 6 May 2021 be confirmed as a correct record and signed by the Chair.

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

FINANCE

619 BUDGET UPDATE. The Finance Manager drew attention to papers circulated in advance of the meeting and highlighted key points:

Budget Update 2021/2022

Directors were reminded that the budget required approval at the Board meeting on 15 July 2021 to ensure statutory deadlines were met.

The Finance Manager drew attention to a variety of assumptions which included those for pay increases for teachers and school leaders. He advised that, based on government guidance, there had been no provision made for a pay increase from September 2021. Alternative budget models had been created based on a 1% increase which would provide a break even position, and a 2% increase which would result in a deficit of £140,000.

Directors expressed concern that teachers would not receive a pay increase to reflect the dedication and hard work over the last year. In response, it was explained that as an academy, they could set their own policy in relation to this however, as a diocesan trust they needed to follow the CES Articles of Association, which required them to follow national guidance on this matter.

The Finance Manager advised that all other assumptions outlined in the report were based on current understanding and intelligence.

Directors reinforced their disappointment regarding the teachers pay increase pointing out that, due to current inflation rates, this was in effect a pay reduction.

The Chair commended the detail of the reports received and proposed the 2021/22 budget presented be recommended for approval.

Directors asked if funding for the Teaching School Hub would be included in the budget submitted to the ESFA. In response, the Finance Manager confirmed that he would work on the assumption it would be included until detail of returns was received at which point, it would be amended accordingly.

RESOLVED: that the 2021/22 budget presented be recommended to the Board for approval.

Budget Update 2020/2021

Information circulated validated a projected £137,000 surplus which was predominantly due to the financial position of St Mary's College. Three primary schools were showing deficit positions which were projected to increase. Work was on-going with primary leaders to address this.

Directors acknowledged the challenges faced by academy leaders to address the balance between finance and increased strategic demands. In response, the Finance Manager highlighted the difficulties projecting pupil numbers for primary schools; this was reflected nationally.

Cash flow

The Finance Manager pointed out that the increased surplus had provided a healthy cash flow position which showed no areas of red for the forthcoming year.

Graphs

The graphs presented outlined the staffing ratios.

Balance Sheet

It was noted that the balance sheet included capital grants income which would be used for works over the summer.

Directors reminded the Finance Manager it had been agreed to include pupil numbers on reports to show comparisons. In response, it was confirmed this would be done.

Directors asked if the accounts for the Sports Academy could be built into the reporting system to provide a complete financial picture of the organisation. In response, the Finance Manager advised this could be included in the reporting system.

It was reported that the Sports Academy position had improved during lockdown. This was due to low expenditure and receipt of funds from St Mary's College as they had been obliged to pay contracted expenditure.

Directors sought clarification relating to the payment of insurance. In response, the Finance Manager explained the way in which the GAG was top sliced to reflect the payment.

620 REPORT FROM THE CHIEF FINANCIAL OFFICER. The CFO apologised for not circulating her report in advance of the meeting; this had been due to absence.

Directors were reminded of the recent announcement to ease Covid measures. The CFO advised that guidance received would be worked through to ensure compliance and risk assessments would be reviewed and updated accordingly. She added that national guidance and local context would be considered throughout the review process to ensure the community was protected in the best way possible. Outbreak management plans would be reviewed with support from the local public health department, with whom she

had a good relationship. Latest information indicated that procedures for Covid testing would remain unchanged.

Directors asked if there had been any suggestion there would be changes to Covid testing requirements in primary school. In response, it was reported that no specific guidance had been received although it was planned to treat Year 6 pupils in the same way as Year 7 during the summer school sessions.

The CFO reported on pilot work with the ESFA she had supported to develop a benchmarking metrics tool. The system had been detailed and complex, which after it had been populated with real data, had been amended resulting in it being oversimplified. Further work would be done on this to develop a more user friendly, practical tool.

The CFO referred to comments received earlier from Mr Lewis in relation to cyber security. She advised that academy leaders were conscious of potential implications of an attack, especially following previous experience. Capital investment had been made in defences and an industrial standard firewall had been installed. Investment would be made to educate staff and students in terms of specifics ; this would be led by Mr Pearce, IT Network Manager and supported by high quality materials obtained following acceptance to take part in a pilot scheme for this type of work.

In response to a question, the CFO advised that sessions would be held to raise awareness of implications of non-compliance with IT security. She added that although it could not be 100% guaranteed, high investment in terms of time and resources would ensure maximum security was in place.

621 CORRESPONDENCE FROM THE ESFA. The CFO reported that correspondence was received continually from the ESFA; the information received was shared as appropriate in terms of key points.

Recent information circulated by the ESFA relating to Covid was available on the DfE website. Evidence had been requested on behaviour and quality of food; the requests would be responded to.

Support had been sought from Rollits and Stone-King to respond to subject access requests received especially in relation to Covid and risk assessments which were being challenged by parents. Advice had been sought from a range of specialists and although costly, it was important to reinforce the integrity of the Trust's actions to protect the staff and school communities and maintain confidence.

Directors sought clarification on the specific subjects of the concerns raised. In response, the CFO advised that the main area of concern was in relation to use of face-coverings. There was disparity between parents in terms of how and when they should be used and this would be difficult to resolve. She added that the pastoral team was doing a superb job of supporting parents throughout the challenges.

Mr Gallagher left the meeting.

Directors asked if information received from the ESFA was useful. In response, the CFO reported that the majority of information was useful however, inevitably, it came with elements of work attached. She added that they would continue to support ESFA pilot projects when they were considered to be beneficial to the Trust.

Mr Gallagher re-joined the meeting.

622 **AUDIT REPORTS.** In the absence of the Internal Finance Manager the CFO provided an update of work conducted.

Directors were informed that good routines were in place for financial and non-financial scrutiny. The strategy of using peer to peer services had changed and investment had been made to secure the services of an independent assessor via Principal Resources; an ex-CFO of a neighbouring trust. A demanding list of requirements had been determined, including areas identified in last year's management accounts. A report which detailed the breadth and depth of the areas examined had been very pleasing and had highlighted the value of Mrs Hunter's role. There had been no surprises and responses had been provided to all points raised; the procedure had added quality to the audit process and had been commended by Mr Lewis who had expressed confidence it would meet all ESFA requirements.

Directors asked that thanks be conveyed to Mrs Hunter and the team.

623 **POLICIES FOR REVIEW.** The CFO reminded Directors of on-going work to harmonise policies across the Trust.

Charging policy: currently eight different versions to reflect individual school circumstances. The detail had been approved in terms of fees for music tuition and transport costs; the policy would be updated annually to reflect changes in charges.

Community Use: the policy had been reviewed to provide a standardised approach; this predominantly applied to the primary schools as most lettings for St Mary's College were managed by the Sports Academy.

The CFO acknowledged that the policies had been circulated immediately prior to the meeting which had not given Directors time to fully consider them. It was proposed that the policies be agreed in principle, subject to comments which could be discussed at the next Board meeting.

RESOLVED: that the charging and community use policies be approved subject to comments to be submitted to the Clerk by 13 July 2021 and presented to the summer term Board meeting.

HEALTH, SAFETY AND PREMISES.

624 **HEALTH, SAFETY UPDATE.** Directors' attention was drawn to sample reports, which provided details of the extent to which audits had been conducted across all schools; actions had been identified and would be addressed.

The CFO advised that each site received an annual external audit undertaken by the Trust's appointed "competent person", Stallard Kane. This was consolidated by an internal deep dive into individual site health and safety which happens on a rolling 3- year programme.

Directors were informed that Sharon Westcough from the diocese had also conducted a health and safety review; she had commended procedures and systems commenting that they had been the strongest across the diocese.

The CFO concluded that site staff would undertake further training to ensure effective relationships with school office staff especially in terms of accident reporting and identifying trends.

- 625 CAPITAL ASSETS UPDATE. Directors received for information, an updated capital works plan. The CFO reported that the original plan had been affected by Covid and explained the impact this had had on supply and demand of materials; as a result, a number of planned works had needed to be rescheduled.

The CFO drew attention to the costings outlined in the plan and highlighted the expenditure deficit of £111,994. She explained that the plan included a 'wish list' of work which would be tailored to meet the constraints of the available funding.

In response to a point for clarification, the CFO pointed out areas which had been recently added. She advised that work was ongoing with senior leaders to prioritise the works to ensure budgets were met. She highlighted that the newly appointed Head of St Mary's College had requested improvements to the Storey Centre; this had been agreed as it had been a priority to provide a strong, positive and bright learning environment for Year 11 who were situated in the area.

- 626 DATES AND TIMES OF NEXT MEETINGS. It was noted that the dates and times for meetings in 2021/22 would be confirmed at the Board meeting later in the term.

Mr Rookes was thanked for his attendance and left the meeting.

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signature of chair

ACTIONS

Minute No	Action	By who	By when
619	The 2021/22 budget be recommended to the Board for approval	Clerk – agenda CFO - report	13.07.21
623	Comments re the policies to be submitted to the Clerk	All Directors	13.07.21

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PART B - NOT FOR PUBLICATION

Confidential items covered by the Articles of Association.

627 MINUTES OF THE LAST MEETING.

RESOLVED: that the minutes of the meeting held on 6 May 2021 be confirmed as a correct record and signed by the Chair.

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

629 ACCOUNTING OFFICER AND CHIEF FINANCIAL OFFICER UPDATE. The CFO advised that she had no further information to present.

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signature of chair