

**Minutes of the Southerly Point  
Co-operative Multi-Academy Trust  
Finance and Resources Committee Meeting**



**Thursday 10<sup>th</sup> December 2020, from 6.00pm  
Online meeting due to the Covid 19 pandemic**

<b>ATTENDING :</b>		
Donna Bryant Alan Horne Susan Reynolds Kevin Thomas Phillip Woods		DBr AHO SRe KTh PWo
<b>In Attendance</b>		
Maria Collins [SPCMAT Business Manager] joined the meeting for the Audit section Andrew North [Member] joined the meeting for the Audit section Alison Oliver [Bishop Fleming LLP] joined the meeting for the Audit section Sean Pinhay [SPCMAT Chief Financial Officer] Karen Teague [SPCMAT Administrator / Clerk to the Trust Board]		MCo ANo AOI SPi KTe
<b>APOLOGIES :</b>		
Alison Newman		ANe
		<b><u>ACTION</u></b>
<b>3.</b>	<b><u>WELCOME AND DECLARATIONS OF PECUNIARY INTERESTS</u></b>	
	The Chair welcomed all those present. Under <b>Declarations of Pecuniary Interests</b> , no further declarations were forthcoming.	
<b>4.</b>	<b><u>AUDIT REPORT AND ANNUAL ACCOUNTS</u></b>	
	<p><b><u>Annual Report and Financial Statements to the Year Ended 31<sup>st</sup> August 2019</u></b></p> <p>AOI led the Committee through the report, which had been shared with Committee members beforehand.</p> <p><b>Matters raised and discussed included:</b></p> <p><b>Trustees Report.</b> AOI advised Committee members this was an opportunity to show whatever image of the Trust the Board liked whilst complying with the statutory requirements. AOI confirmed that she was satisfied that the report meet with requirements. Required disclosures were very similar to that of the previous years but one additional report this year was Streamlined Energy and Carbon Reporting, including measures planned to improve energy efficiency. AOI pointed out it was unclear how schools would actually be measured on this but Bishop Fleming had undertaken some initial benchmarking on local academies and that the figure reported by the Trust was one of the lower figures reported which could only be a good thing.</p> <p><b>Governance Statement.</b> Again, this was similar to the previous years in terms of layout and principle. However, it was hard to compare the two years due to the Covid pandemic. AOI observed there had been slightly better meeting attendance, perhaps due to online meetings and this was good to see.</p> <p><b>Auditors' Opinion and Basis for Opinion.</b> It was pleasing to note no irregularities or concerns had been flagged there and that the opinion of the auditors is that of 'unqualified' which, as AOI explained, was the best outcome possible.</p> <p><b>Statement of Financial Activities.</b> The only significant change when comparing year on year was the impact created by writing off of the old building at Helston Community College.</p>	

AOI also acknowledged that changes to the way LGB pensions are valued had resulted in a significant negative impact but this was reflected in all the academies Bishop Fleming's auditors had seen.

**Balance Sheet and Statement of Cash Flows as at 31<sup>st</sup> August 2020.** This represented a snapshot of year end in terms of assets and liabilities. It was noted the pension scheme had had an incremental effect but, outside of that, much of the remainder was similar to the previous year.

**Accounting Policies.** Nothing of concern had been identified.

As the Notes to the Financial Statements were fairly extensive in terms of breaking down income and expenditure, AOI explained she would not go into significant detail regarding these but would merely flag a few notes unless any questions or specific points requiring clarification arose.

**Staff costs.** As always, this was the biggest cost and the overall figure had not changed significantly. The only change of note was the increase to pension costs due to the increase in teacher's contributions but this additional cost was anticipated and therefore had been budgeted for. It was good to see staff restructuring costs had significantly reduced in 2019/20. Similarly, the disclosure of higher paid staff showed a slight decrease and Key Management Personnel costs had remained relatively static when inflation was taken into account.

**Trustees' Remuneration and Expenses.** AOI advised the Committee it was necessary to disclose Trustees' remuneration or expenses and this was done in bands.

**Statement of funds.** This provided a snapshot of how funds are broken down. In the ideal world Auditors would like there to only remain unrestricted balances. Not surprisingly given the last six months of the year, this year a balance remained on the restricted PE funding. This balance would be carried forward and allocated in the new year to be spent. There was also a breakdown of how fixed assets were funded. AOI explained it was necessary to disclose where there were deficits and actions taken in respect of individual schools, schools in deficit had been duly noted and planned actions provided.

**Principal actuarial assumptions.** Some actuarial assumptions needed to be updated due to the Mc Cloud judgement as this had implications on the valuation applied to Public Sector pension calculations, which in turn had an impact on the Trust balance sheet.

**Related Party transactions.** AOI asked Committee members if they were aware of any further transactions that should be disclosed under this section but nothing additional was identified. AOI highlighted the transactions identified in the accounts again to ensure there was an accurate reflection of the actual transactions for the year.

**Teaching School Trading Account.** AOI explained that, as the Trust had a Teaching School function, it was necessary to give a separate account of profit and loss for the Teaching School and this was included at the end of the report.

#### **Key Issues for Discussion Document [KIDD]**

AOI provided an overview of the KIDD, which had also been shared with Committee members prior to the meeting.

#### **Matters raised and discussed included:**

**Audit status.** AOI confirmed that the latest Management Accounts for 2020-21 had been received so, once the Letter of Representation had been signed and returned, it would be possible for the Annual Accounts to be signed off and filed as required.

**Confidentiality.** Committee members were reminded of Bishop Fleming's confidentiality agreement, principally that the sharing of any of the reports - other than the Annual Accounts - with third parties required prior written consent. So, for example, if the Trust was planning to publish the KIDD report on the website it would require clearance from Bishop Fleming before doing so.

**Review of Accounting Policies.** These were found to be appropriate and consistent.

**Letter of Representation.** This document required signing by the Accounting Officer and a member of the Board of Trustees to confirm the Trust had provided all the information required to complete the accounts and audit. AOI briefly reminded the Committee of its contents.

**Unadjusted items.** No unadjusted items had been identified.

	<p><b>Audit adjustments.</b> The auditors had identified just two adjustments which needed to be processed in the accounts package to reflect the final accounts. These were attached to the Letter of Representation for information.</p> <p><b>Independence.</b> AOI confirmed Bishop Fleming were independent within the context of the various regulatory requirements and, as such, able to carry out the audit.</p> <p>In the area of Key Audit Risks – risks being management override of controls; revenue recognition; implications of Covid 19; unauthorised transactions; related parties; unauthorised borrowings or leases - no material error or issues were identified.</p> <p><b>Exceptional costs.</b> Mention was made of some costs claimed that were not technically within the scope of the Exceptional Covid Costs funding scheme. SPi explained that ESFA and the Trustees had been made aware of this and had also received an explanation / the rationale behind making this claim.</p> <p><b>Furlough claims.</b> No issues had been identified.</p> <p><b>FRS 102 Pension Valuation.</b> The Trust had opted for the standard assumptions offered by the actuary which had taken account of the Mc Cloud judgement, which was very much the norm across all Academies.</p> <p><b>Audit insights.</b> As journals represented the potential for high risk / fraud / error, this was one of the particular areas of focus but the auditors had been happy with what they had seen. There had been some weekend working but there was a significant improvement on last year and the nature of the journals was as the auditors would expect.</p> <p><b>Benford’s Law Review.</b> Nothing of concern had been identified.</p> <p><b>Key Word Analysis.</b> Nothing of concern had been identified in this regard either.</p> <p><b>Management letter points and internal control systems.</b> Of the four green points, only one was a new issue in 2020 so progress continued in the right direction.</p> <p><b>Outstanding Issues from Previous Year’s Report.</b> The report noted that five of the six points raised on last year’s Internal Audit report had been actioned and the sixth had been agreed to be delayed due to the additional constraints on resources resulting from the Covid 19 pandemic.</p> <p>The auditors’ overall assessment of the Trust represented the highest scores given by Bishop Fleming this year, being green throughout and with scores ranging from 8 to 10.</p> <p><b>Financial Overview.</b> This document, which had been shared separately, provided a summary of schools’ positions. It included an Analysis of Performance, with Budget Forecasts, and Key Ratios.</p> <p><b><u>Q. Does the staff cost ratio [as percentage of total costs] include pensions as it seems high?</u></b></p> <p><b>A. Yes, it does.</b></p> <p>AOI acknowledged that having to carrying out the audit remotely had added to the work of the Finance Team and this had been much appreciated.</p> <p>The Committee thanked AOI for her work and congratulations were expressed to the entire Finance Team for their excellent work in this respect.</p> <p>The Committee <b>recommended</b> the approval of the Annual Accounts by the full Trust Board.</p> <p><b>Action: Accounts to be approved by full Trust Board.</b></p> <p><b>Action: Accounts and Letter of Representation to be signed off by Chair of Board / Accounting Officer.</b></p> <p>AOI, ANo and MCo left the meeting at this point.</p>	
5.	<b><u>INTERNAL AUDIT</u></b>	
	<p>Due to Covid 19, it had not been possible for the Internal Auditors to go into the Trust schools so they had instead completed a Desktop exercise based on last year’s findings. The Desktop results and a copy of last year’s internal audit [for reference] had been shared with Committee members prior to the meeting for their information and SPi briefly talked Committee members through these.</p> <p>Changes implemented since the previous audit had addressed the majority of the agreed management actions [AMAs] from the 2019/20 report, with five of the six AMAs having successfully been addressed. Resolution of the remaining action was actively being sought but the bank were making this extremely difficult.</p>	

	<p>Questions were sought but Committee members noted they were reassured by the information shared and SPi's account of this.</p> <p>A query arose around the expectations regarding LGB minutes being published on school websites. It was believed there was no legal requirement or timeframe specified but KTe was to check this. It was suggested that, if there were no agreed timeframe, the Trust should set three years for consistency across the Trust.</p>	KTe
6.	<p><b><u>MANAGEMENT ACCOUNTS – FINAL 2019/20 AND OCTOBER 2020/21</u></b></p>	
	<p>The Management Accounts final 2019/20 and October 202/21 had been shared with Committee members prior to the meeting in detailed, summary and graph form. SPi outlined key issues arising from the accounts. These included:</p> <p><b>Management Accounts – Final 2019/20.</b></p> <p>Overall, with the help of Covid, there were some significant underspends last term as less needed to be spent on materials, utilities, etc. so this had resulted in an in year surplus across the Trust of £26,000.</p> <p>Some improvement in individual schools' reserves had been noted and most were moving in the right direction. However, the smaller schools were still struggling and would continue to do so unless the method of funding changed. Overall, reserves remained strong / static and were still sitting where the Finance Team wanted them to be and within the requirement as stipulated in the Trust policy.</p> <p>Committee members were assured that some prudent financial decision making had already taken place in addition to the impact of Covid 19 and that the Headteachers were being prompted to make the right decisions.</p> <p>Specific questions were sought but none were forthcoming at this time.</p> <p><b>Management Accounts – October 2020/21.</b></p> <p>A summary was shared for each of the Trust schools in respect of: Pupil to Teacher Ratio [Adj. Maternity]; Pupil to Support Staff Ratio [Adj. Maternity]; Expenditure per Pupil [Incl. Other Activities]; Income per Pupil; In Year [Over] Underspends – All Activities; End of Year Reserves. Importantly, there had been no real or unpleasant surprises. Overall, the position was looking solid and Committee members were reminded this position often improves over the course of the year. Some of the cost increases were due to Covid. Reimbursement had been received for some of the exceptional costs but the majority of the extra cost have had to be paid for from the schools' funding.</p> <p>There had been an increase in expenditure on staffing but, as it was early doors, this should be improved in due course.</p> <p>The position at Mullion Secondary School would require careful monitoring. Having regained a more level position, there were signs of increased spending so, whilst this was controllable, it was important for the school not to drift too far in a negative direction.</p> <p><b><u>Q. Why is there such a large number of TAs in the Trust? Have these had Central approval?</u></b></p> <p><b>A. There are tight recruitment procedures in place, with central approval being required for all appointments, and work is currently being done to enhance these still further. An increasing number of pupils coming into settings need additional support and smaller schools tend to attract children with statements / additional needs. Without this SEND factor, schools are increasingly operating in line with model staffing.</b></p> <p>Helston Community College had invested significantly more into its pastoral support team but this extra cost would be offset by a planned saving on the teachers' budget.</p> <p><b>Premises.</b> Covid 19 additional cleaning costs had only significantly impacted the larger sites. SPi reiterated these figures represented pessimistic assumptions and it was unlikely schools would continue to spend at the current rate and therefore forecasted overspends should decrease. It was for the schools to find the means by which they could do the same things but spend less money doing so. Eg. the H3O water used by Helston Community College at no cost was reducing some of their overheads. On a positive note, Mullion School had been randomly selected for an inspection by the Health and Safety Executive and had demonstrated the excellent practice of the Trust.</p> <p><b>Admin.</b> No concerns were identified at this stage.</p>	

	<p><b>Curriculum.</b> Mullion Secondary School had lost a notable amount of money from trips as a result of the Covid pandemic. It was hoped some of the money lost could be retrieved but this was showing as a potential loss currently as it was quite significant.</p> <p><b>Extended Activities.</b> Covid 19 had accelerated the need to look at some of the settings where sufficient demand was simply not there; it had been necessary to close this provision at one or two settings.</p> <p><b>Nurseries.</b> Figures were looking reasonable at the present time.</p> <p><b>Catering.</b> Figures were looking reasonable at the present time.</p> <p><b>Capital.</b> The overspend on Garras's was purely a timing issue, as costs incurred this year were planned to be paid last year. The school's carry forward reserve was up at year end but this was now offset by the overspend in the current year.</p> <p><b>Reserve at end of year.</b> Despite the additional financial pressures schools continued to face, the reserve at end of year was still £368k better than the original budget. The improvement is linked to the improved carry forward at year end.</p>	
7.	<p><b><u>CONFIRM PUPIL CENSUS NUMBERS RE. FUNDING 2021/22</u></b></p>	
	<p>As part of the amendments to the latest Academies Financial Handbook, SPi is required to advise the Committee each year of the figures collected at the October census that determine the funding the Trust schools will receive for 2022/23 and the Committee in turn is required to approve these figures. Therefore, SPi took Committee members through a paper on this that had been shared prior to the meeting and which included the previous year's numbers to show the movement between years.</p> <p>Committee members <b>confirmed they were content</b> with the explanation regarding the variance of pupil numbers.</p>	
8.	<p><b><u>CATERING ANALYSIS</u></b></p>	
	<p>Further to a request for an analysis of catering at the previous meeting, an analysis of Third Party Provision covering income, expenditure, Net [loss] / surplus and Adjusted for FSM [loss] / surplus in respect of each school involved and as a total had been shared with Committee members prior to the meeting for their information. Also shared was an analysis of the savings the Trust had made by making changes working alongside the provider to make the service more efficient and projected figures for additional savings over the remainder of the three year contract.</p> <p><b>Q. Why have the Cury costs changed by this much when the school is so small?</b></p> <p><b>A. Staffing represents the biggest cost and therefore if a small school requires staffing the number of pupils will never offset this cost. Working with Chartwells' the Trust have reduced the number of staff employed by moving towards a more Mother Kitchen set-up and delivery meals via Bento Boxes. SPi reminded the Trustees that Chartwells' was the best quote by far when catering went to tender. As a rule of thumb, schools need at least 150 pupils for a kitchen to have a chance of breaking even.</b></p> <p>SPi advised Committee members that, to avoid confusion, the in-house kitchens had not been included in the current version but would be added in going forward.</p>	
9.	<p><b><u>SCA AND DFC REPORT</u></b></p>	
	<p>A SCA [School Condition Allocation] analysis and a DFC [Devolved Formula Capital] analysis had been shared with Committee members prior to the meeting. As requested previously, SPi had included additional detail around what schools had received in comparison to their central contribution they had made to date.</p> <p><b>DFC.</b> SPi advised the Committee the monies remaining were notionally being called the IT capital budget as income each year was not sufficient to cover a building project but investing this in IT would keep schools in reasonably good order.</p> <p>SPi had asked AOI about the viability of selling DFC from a school that did not need it to a school that did, as the revenue could help offset schools that were in deficit. The options were being investigated so this was a conversation for a future date.</p>	

	<p><b>Q. What if a school does not want IT? If there was a small project it had struggled to unlock for some time, would there be any flexibility for a small amount to be unlocked for this?</b></p> <p><b>A. The difficulty is DFC funding can only be spent on certain things and, in addition to building projects, this includes IT. If a school already has enough IT resources, the Trust would not force them to buy more. But schools have underinvested in IT for a number of years so it would be a realistic amount for schools to invest in this area. We are trying to move increasingly to central based systems to reduce costs to schools as far as possible. We have a responsibility to advise our schools that they have to renew equipment after a number of years if they do not want issues to develop. We always listen to schools. Where a Headteacher says there is a project they wish to do, if it is Health and Safety it will come from SCA. If it enhances education, it could go to SCA too. We would encourage PTAs to raise money for other projects. Importantly, schools need to invest in remote learning so that, if the Covid situation arises again, they will be well placed to manage this and subsequently their IT provision needs to be effective Schools, within revenue budgets, also have a contingency for hardware so by using DFC might help free up some additional revenue which can be used to meet any cost.</b></p> <p>Committee members were also reminded that - while schools were rightly investing in Google, chrome books and so on which keep costs down – there were also scenarios that needed to be beyond the Google platform. Chrome books were ideal for pupils but DFC investment was about all IT, not simply about the devices pupils were using. Google was working well for classrooms but it was not possible to remove the other systems for admin. Increasingly, schools had been asking old PCs to do more and more so, if money was available, it was important to replace these essential pieces of kit. This was part of the Trust’s wider ICT strategy and LSc would spec this in more detail as he works more with the Trust schools.</p> <p><b>SCA.</b> Spi apologised for the fact that, due to the additional workload that had arisen from Covid 19, it had not yet been possible for him to convene a meeting of the SCA working group. He planned to bring everyone together shortly to go through the proposals for the next year. He briefly talked through the SCA analysis, explaining the colour coded squares related to another form and could be seen to act as a grading system to make the process transparent.</p> <p>It was recognised the Trust had incurred some costs centrally, such as vans for the Estates Team. There had also been some investment into more significant pieces of equipment to be used over a number of sites which is would not have been financially viable for individual schools to purchase in the past.</p>	
10.	<p><b><u>SCHEME OF FINANCIAL DELEGATION</u></b></p>	
	<p>SPi had prepared a Scheme of Delegation Matrix, shared with Committee members prior to the meeting, which he proposed be introduced to run alongside the Financial Policy with the intention that this would become the document the Committee / Trustees review each year and which, in turn, would be used to update the Financial Policy. The document would also be shared with the Trust schools to enable them to access this information more easily. The appendix provided some school level detail which was also required. SPi explained that, going forward, any changes would be highlighted for ease of monitoring.</p> <p><b>Q. With regard to asset disposals under £1,000, which can be authorised by Headteachers, is the value the estimated value of the person writing it off and are there any safeguards in place around this?</b></p> <p><b>A. A form will be introduced that Headteachers will have to sign off so there is evidence of what has been disposed of, to whom and at what price.</b></p> <p>Questions were sought but none were forthcoming at this time.</p> <p>Committee members <b>agreed</b> this would be the document the Committee / Trustees reviewed each year; that this, in turn, would be used to update the Financial Policy; and that the document should also be shared with the Trust schools.</p>	
11.	<p><b><u>ESTATES REPORT</u></b></p>	
	<p>Information presented to Committee members prior to the meeting and discussed included:</p> <p><b>Roving Caretaking Team Update</b> - jobs completed between 1<sup>st</sup> June 2020 and 31<sup>st</sup> October 2020.</p>	

	<p><b>Medium Term Projects Update</b> - tasks completed between June 2020 and October 2020 and works planned for the future.</p> <p><b>Larger Projects Update.</b> The four active larger projects from the previous meeting - new septic tank at Garras School; modular four classroom build [Maths Block] and new Site Team building at Mullion Secondary School; 3G pitch at Helston Community College; heating and associated work at Helston Community College South Site - had been completed, barring snagging at Mullion School largely due to a supply issue as result of Covid, all these projects are now complete.</p> <p><b>Building Compliance Update.</b> A Compliance Schedule had been created which gave an overview for each school in respect of equipment / services and – against each item or service – Frequency, Supplier, Start Date, Reminder and Expiry Date. SPi was to share this with the Health and Safety Trustee via a link and with Committee members at the next meeting.</p> <p><b>Health and Safety Update.</b> The completed GAP Analysis for the schools, including a Trust summary, had been returned very recently and so was yet to be addressed with management responses but would be shared more fully in due course. Two initial actions based on the findings had already been instigated. These included ensuring schools were managing the transfer from EEC Live to AssessNET, the new risk assessment software accessed via a County SLA, and a review of accident reporting to ensure greater consistency. A more central approach to the latter was being devised, which would also incorporate regular inspections by RCo as part of his Health and Safety remit.</p> <p><b>Capital Funding Update [SCA].</b> See Item 9 above.</p>	SPi
12.	<b><u>POLICIES</u></b>	
	There were no new financial policies for review on this occasion.	
13.	<b><u>RISK REGISTER REVIEW</u></b>	
	<p>DBr talked Committee members through the recent changes to the Risk Register and sought any comments regarding these or other elements.</p> <p>A number of comments were noted and DBr was to update the Risk Register accordingly.</p> <p>Subject to these updates, the Committee <b>approved</b> the Risk Register.</p>	
14.	<b><u>MINUTES AND MATTERS ARISING</u></b>	
	<p>The minutes of the meeting of the Finance &amp; Resources Committee on 9<sup>th</sup> July 2020 were agreed to be an accurate record and were to be duly signed by the Chair when circumstances allowed. Matters arising included updates on:</p> <p><b>Investment Strategy.</b> This action was ongoing and was therefore to be carried over to the next meeting. SPi had looked at the possibility of using a second bank but doing this would be a huge task and, given the associated gains, he was currently unsure this warranted the time that would be involved. He was also exploring another option with the Trust’s current banking provider. Details were to be shared with Committee members via email for feedback and for any necessary permissions. It was noted there were also ways of investing through the Trust’s own infrastructure over time. E.g. solar power panels etc. SPi advised the Committee that RGi was currently working with Salix, a Government owned body which provides funding to the public sector to improve energy efficiency, reduce carbon emissions, lower energy bills and so on.</p> <p>The Finance Policy was currently on hold due to the increased demands on the Finance Team brought about by the Covid pandemic.</p> <p><b>Catering Review.</b> See Item 8 above.</p> <p><b>Capital investment.</b> This would be added to the Risk Register when it came on stream.</p> <p><b>Internal Audit.</b> It would be necessary for the Chair of the Trust Board and the Chairs of the Trust Board Committees to determine what the internal audit would cover this year so a meeting would be required to discuss the matter further.</p> <p><b>Publishing an annual statement on Trustees’ expenses claims for transparency.</b> This had taken place as part of the audit process.</p> <p><b>SCA Report.</b> See Item 9 above.</p>	<p>SPi</p> <p>DBr</p> <p>DBr</p>

	See also Confidential Notes.	
<b>15.</b>	<b><u>ANY OTHER BUSINESS</u></b>	
	<p><b>Cycle to work scheme.</b> There had been a recent flurry of enquiries around the Cycle to Work scheme so staff had been informed this would be revisited. As the scheme could not be implemented without Trustee approval, it would be necessary for this to be discussed at the next meeting. There was a cash flow issue that had to be considered, as monies had to be loaned out in one go and then journal adjustments made every month as monies are repaid, and there could be a need to place a limit on the amount that could be loaned or on the repayment period so this was not as straightforward as it might initially seem. The various nuances would require careful consideration.</p> <p>There were no further matters for consideration so the meeting was brought to a close at 8.30pm.</p>	
<b>16.</b>	<b><u>DATES OF FUTURE MEETINGS</u></b>	
	<p>The next meeting of the SPCMAT Finance and Resources Committee will take place on <b>Thursday 4<sup>th</sup> March 2021</b>, from <b>6.00pm</b>, in the Trust Conference Room.</p> <p>Thereafter, meetings will take place on:</p> <ul style="list-style-type: none"> <li>• <b>17<sup>th</sup> June 2021</b></li> </ul>	

**Chair's Signature** \_\_\_\_\_ **Date** \_\_\_\_\_