

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



**Thursday 9th December 2021, from 6.00pm
in the Trust Conference Room**

	<p><u>ATTENDING :</u> Karen Harris Alan Horne Alison Newman Susan Reynolds Kevin Thomas Phillip Woods</p> <p>In Attendance Maria Collins [SPCMAT Business Manager] 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]</p>	<p>KHa AHO ANe SRe KTh PWo</p> <p>MCo AOI SPi KTe</p>
	<p><u>APOLOGIES :</u> Donna Bryant</p>	<p>DBr</p>
		<p><u>ACTION</u></p>
<p>3.</p>	<p><u>WELCOME AND DECLARATIONS OF PECUNIARY INTERESTS</u></p>	
	<p>The Chair welcomed all those present. Under Declarations of Pecuniary Interests, no further declarations were forthcoming.</p>	
<p>4.</p>	<p><u>AUDIT REPORT AND ANNUAL ACCOUNTS</u></p>	
	<p><u>Annual Report and Financial Statements to the Year Ended 31st August 2021</u> AOI led the Committee through the report, which had been shared with Committee members prior to the meeting. She advised Committee members that, as a clearance meeting had already taken place and the accounts had been shared, she would be taking questions by exception if they were agreeable to that.</p> <p>Statement of Funds / Financial Activities. KHa raised concerns with the overall model for presenting the accounts as it did not appear to be user friendly for stakeholders. AOI explained the account layout was predetermined under Coketown rules and therefore there was little that could be done to change the structure. AOI also responded to KHa's concerns regarding the referencing of the pensions reserve and agreed to change the note reference and alter the narrative to make this clearer.</p> <p>See also Confidential Notes.</p> <p><u>Key Issues for Discussion Document [KIDD]</u> AOI provided a brief overview of the KIDD, which had also been shared with Committee members prior to the meeting.</p> <p>Matters raised and discussed included: Introduction and Executive Summary AOI anticipated issuing an unmodified audit report on the financial statements of the Trust for the year ended 31st August 2021 and proposed to issue an unmodified regularity assurance report for the period, which was the best outcome a Trust could receive from an auditor.</p>	

Key Audit Risks and Other Findings

In the area of Key Audit Risks – risks being management override of controls; revenue recognition; impact of Covid 19; unauthorised transactions; related parties; unauthorised borrowings or leases - no material errors or issues were identified.

Other Audit and Financial Reporting Matters

- **Individual schools' negative carry forward.** There had been no significant surprises and Management Comment had reflected what was in the disclosure. Of the five schools, four of which were the former Keskowethyans schools, three had largely been fixed and only two continued to be problematic.
- **Furlough Claims.** Claims for the year were only minimal and, in keeping with the terms and conditions of the furlough scheme, were only claimed against the non-funded aspect of the Trust business.
- **Accounting for Capital Grants.** AOI explained that the only alteration required on the accounts related to the treatment of capital funding received. In the past, income had been deferred in line with other grants received to line up with the period covered but, when it came to capital funding, it could not be deferred and therefore had to be accounted for at the period of receipt. Journal adjustments were to be made to correct the error.

Audit insights

- **Benford's Law Review.** Benford's Law was briefly explained and it was noted that no further risk had been presented from that analysis.
- **Key Word Analysis.** Nothing of concern had been identified in this regard either.

Management Letter Points and Internal Control Systems

No red or amber points had been identified and there were only two green points, down from four identified the previous year. One of those would have been cleared bar Covid. No new issues had been identified.

Financial Overview – Analysis of Performance

This document, which had been shared separately to provide a revenue fund movement reconciliation, had ensured Committee members could see the underlying performance, alongside other financial statement key areas.

Letter of Representation

KTh was to sign the Letter of Representation once the final adjustments had been made to the narrative.

AOI asked Committee members if there was anything to be drawn to her attention and Committee members confirmed there was not.

Confirmation the Trust is A Going Concern Financially

AOI was directed to Item 8 on the agenda. See Item 8 below.

It was noted the fact the new team of auditors who had undertaken the audit this year had made similar comments and judgements to those of the previous audit teams was an additional level of reassurance.

Further questions were sought but none were forthcoming at that time.

The Committee thanked AOI for her work and that of her team. Congratulations were expressed to the entire Finance Team for their excellent work in this respect.

The Committee **recommended** the approval of the Annual Accounts by the full Trust Board, subject to the requested amendments.

Action: Accounts to be approved by full Trust Board, subject to the requested amendments.

Action: Accounts and Letter of Representation to be signed off by Chair of Board / Accounting Officer, after the amendments to the narrative had been finalised.

AOI left the meeting at this point.

5.	<u>INTERNAL AUDIT</u>	
	<p>A copy of the Final Internal Audit Report [2021/22 EXT12] had been shared with Committee members prior to the meeting. The overall objective of the audit had been to provide assurance to the Trust that the framework of internal control - which included financial management, school governance arrangements, value for money, propriety of spend, risk management and counter fraud arrangements - was operating effectively. The report included:</p> <ul style="list-style-type: none"> • Executive Summary • Summary of Testing Undertaken and Findings • Overall Management Response and Comments on Findings • Annex: Audit Opinion Ratings, Limitations, Contacts and Distribution <p>Consistency of signatures. The authorisation signatory list was being reviewed at the start of each academic year. This was so that, if a signature looked odd, it could then be checked against the list to ensure it was legitimate. A query was raised as to whether the Finance Team annotated underneath signatures where, for example, these were not legible. SPi explained they did not but rather checked these signatures against the list and soon become familiar with most of these. The majority of invoices required a minimum of two signatures, if not three, and more were required during the BACs process.</p> <p>Business Continuity / Disaster Recovery Plans. Plans at school and central level were being reviewed and updated accordingly. A copy of the school level plans were held centrally.</p> <p>Authorisation of mileage forms. Every quarter, MCo was to randomly sample and spot check forms. It was explained VAT fuel receipts were required every month a claim was made as VAT was being claimed on fuel.</p> <p>Central Asset Register. While the register met all the accounting requirements and was kept predominantly for financial reasons not for the monitoring of stocks, it was felt it could benefit from a greater level of detail to better monitor asset security, location, etc. A new Estates IMS system was currently being researched and it was hoped software to allow that level of detail to be gathered / maintained would be a part of that.</p> <p>Formalised cash flow forecasting. Due to the healthy state of the Trust’s bank balances, cash flow forecasting had not been a major focus. If an issue had been identified, it would have been given a higher priority. However, SPi had advised auditors a cash flow forecasting model was being developed and plans to invest the end of year reserve, without detriment to the Trust’s day to day cash flow requirements, were also in train.</p> <p>Trust overtime / supply claim forms. As with the mileage forms, MCo was to randomly sample and spot check these forms each term to ensure consistency. Committee members were assured schools were not putting through a high number of hours and the Finance Team were double checking for fraudulent claims. If verification was in doubt, the claim form would be pulled and not paid until verification had been confirmed.</p> <p>Segregation of duties. It was recognised that, in the Trust’s smaller schools, it was sometimes difficult to achieve the ideal segregation. As most parents no longer made cash payments and the value of cash had significantly dropped, the risk was also very low. However, the process in each school would be reviewed to ensure there was a consistent way for cash to come from classrooms to the office.</p> <p>Cash receipting. Again, the significant drop in the number of cash payments being made meant the risk had also decreased but a review of the process in each school would be carried out to ensure cash collected via pupils at classroom level was being appropriately recorded / receipted.</p> <p>Q. Is this periodically monitored?</p> <p>A. We had planned for that to happen in previous years but were thwarted by taking in the former Keskowethyans schools and then by Covid but we hope to have the internal auditors in earlier this year. As it is the Trust’s audit, the Trust can determine its direction and auditors can be sent to particular schools if we think there could be a higher level of risk and closer monitoring might be required.</p> <p>It was proposed residential trips be the foci for a future audit so SPi was to note this and advise the auditors accordingly.</p>	<p style="text-align: right;">SPi</p>

6. **MANAGEMENT ACCOUNTS – FINAL 2020/21 AND OCTOBER 2021/22**

Management Accounts – Final 2020/21.

The Management Accounts final 2020/21 were shared with Committee members in detailed, summary and graphical form. Committee members were asked to go through the detail and come back to SPi with any comments or queries.

Committee members were reminded that, where they saw a variance, a negative was bad and a positive was good. It was noted the format of the accounts did show a consideration of stakeholders, as these were used throughout the year. SPi talked through the summary version, which included headline figures for: Original Budget; Current Budget; Orders; Actuals and Orders; Balance; % Received or Spent; Forecast; Actuals and Forecast; Variance £; Variance %.

Points raised and discussed included:

Other Income. Other Income was significantly up, which had added a lot of value year end. The majority was from the summer term Covid recovery grant that had come in late. This had been carried forward and would be a consistent theme in the accounts for the Autumn term.

Staffing. This spend had been better than planned due to the pandemic. Supply staff had not been used as planned due to school closures and significant savings had been made around maternity cover etc. As a result, the contingency elements had not been spent. The underspend represented less than 1% of the total staffing budget so did not represent a material difference.

Q. At what point would you become more concerned?

A. At around 2.5% or above.

Committee members were advised a benchmarking document to follow later would show the Trust's spend against that of other Trusts. Previously, the Trust had been heavy on staffing compared to most Trusts but that was largely a result of the disproportionate number of small schools in SPCMAT.

Premises. The biggest culprit in terms of underspend had been utilities and that had been due to the school closures.

Administration [incl. central recharge]. The balance for administration showed an over spend of £387, 181. This looked odd but it had been the first year a claw back had been undertaken and monies held centrally for redistribution. Under the new rules, a number of schools had passed money back. This did not represent a key concern. The claw back comprised approximately £426,000.

Curriculum. Overall, there had been a small surplus across the Trust schools.

Other Expenditure - IT, Minibuses etc. There had been a small surplus as schools had used DFC funding to meet ICT costs and not the contingency budgets set aside.

Other Grant Expenditure - Pupil Premium, Sports Premium, etc. The majority of schools were in underspend due to pupils not being on site, external practitioners not being able to come on site, etc.

Overall, there had been a net underspend.

Q. Can you see the government asking to have this back?

A. No. The amount is still below their threshold.

Extended activities. This area of provision had been very inefficient last year as staff had been employed but clubs had not been open. However, the Trust had got off relatively lightly in that respect. SPi was now tightening up on this area as, unfortunately, the community in general had no appreciation of the cost of these provisions.

Catering. The cost of Free School Meals had created the majority of that loss and in house kitchens had been significantly impacted by the pandemic. Overall, the end result had not been too concerning.

Teaching School. The Teaching School had closed on 31 August 2021 so any balance would be clawed back when the Annex G return was completed.

Capital. A small number of schools had decided to spend some of their reserves on capital purchases which were not budgeted for and therefore created an overspend at year end. In all three cases the schools were in a position to spend these monies.

	<p>Reserves. Reserves at end of year were looking healthy. The issues were known and three out of five of the schools with issues were almost out of deficit.</p> <p>Committee members were advised the figure would not match that on the accounts as the Management Accounts included orders whereas the accounts did not.</p> <p>Management Accounts – October 2021/22.</p> <p>The Management Accounts for October 2021/22 were to be shared with Committee members the following week. Committee members were asked to come back to SPi with any questions they might have.</p>	SPi / all Committee members
7.	<u>CONFIRM PUPIL CENSUS NUMBERS RE. FUNDING 2022/23</u>	
	<p>SPi briefly talked through the figures collected at the October census that would determine the funding the Trust schools would receive for 2022/23, as the Committee were required to approve these figures. The figures had been shared prior to the meeting and included the previous year's numbers to show the direction of travel.</p> <p>See also Confidential Notes.</p> <p>Committee members unanimously confirmed they were content with the explanation regarding the variance of pupil numbers.</p>	
8.	<u>CONFIRMATION THE TRUST IS A GOING CONCERN</u>	
	<p>Committee members were reminded this was solely around the Trust as a business having no financial concerns. It was noted the reserve was up on last year and the Trust was in a healthy place financially, as had been confirmed in the accounts and by the external auditors. Committee members unanimously confirmed the Trust was a going concern financially.</p>	
9.	<u>PRICE OF LIVING RISE FOR TEACHERS</u>	
	<p>As a rule, the Trust followed national guidelines from the STRB [School Teachers' Review Body] on pay rises. This year the STRB had recommended a 0% increase for teachers and there had been no notable pushback from unions.</p> <p>Therefore, it was proposed there be no pay rise for teachers but that an increase of £250 be applied to unqualified teachers earning below £24,000 [FTE]. SPI had budgeted for a 2.75% rise so there would be a saving overall.</p> <p>Committee members ratified the proposal.</p>	
10.	<u>SUPPORT STAFF PAY</u>	
	<p>Committee members were advised support staff pay was a subject the Trust needed to revisit.</p> <p>PWo declared an interest, should any decision need to be made, as his wife was a member of the support staff at a Trust school.</p> <p>See also Confidential Notes</p>	
11.	<u>INDEXATION IN TEACHERS' PENSION SCHEME</u>	
	<p>The combined teacher unions had written to Trusts regarding an issue around the pension provision for teachers and school leaders – namely, non-indexation of benefits during periods of pay freeze and consequent pension losses. As there was no specific threshold of payment which would trigger TPS indexation, it was suggested by another Trust that Trusts might consider committing to a payment of £1 per teacher to trigger TPS indexation for the current year only.</p> <p>For purposes of equality, the payment would have to be made to all teachers but this would be of minimal cost to the Trust as it employed approximately three hundred teachers.</p> <p>Q. Does the deficit on the accounts relate to this scheme?</p> <p>A. The deficit that appears on the Trusts accounts relates to support staff pension LGPS. The Trust</p>	

	<p>has no such outstanding liability other than what it pays over each month in respect of teachers. There is a 7% increase to the costs two years ago but an additional contribution was given provided to cover this.</p> <p>Committee members approved the payment of £1 per teacher to trigger TPS indexation for one year only.</p>	
12.	<p><u>SCA AND DFC REPORT</u></p>	
	<p>A SCA [School Condition Allocation] analysis as at 30th November 2021 and a DFC [Devolved Formula Capital] analysis as at 31st August 2021 had been shared with Committee members prior to the meeting.</p> <p>DFC</p> <p>SPi advised Committee members that each school received a lump sum of £4,000 plus payments of £11.25 per pupil and schools had been encouraged to spend on IT. Most of the IT spend had been central to ensure continuity of product and better rates so the Trust was in quite a strong position in this respect currently.</p> <p>SCA</p> <p>Spend for each school had been reviewed against Completed Projects, Work in Progress / Committed Works Projects and Planned Projects. The current total for those projects was set against the expected funding for the school based on the central funding to show a variance but Committee members were reminded this was notional. Some schools appeared to have done better than they should have but Committee members were assured SPi was mindful of that and the spend would balance out over time. The secondary schools had broadly had their share.</p> <p>A meeting of the SCA Working Group was to be organised for the Spring term. Estate Managers were to come up with plans for the summer holiday period, including any works at Helston Community College prior to the next Ofsted visit.</p> <p>At end of year, there was an under spend of approximately £640,000 but this was within the threshold, which dictated Trusts / schools could not underspend by the year's amount.</p>	SPi
13.	<p><u>ESTATES REPORT</u></p>	
	<p>Information presented to Committee members prior to the meeting and discussed included:</p> <p>Roving Caretaking Team Update - jobs completed between 1st June 2021 and 31st October 2020.</p> <p>Q. Wendron have had 11 and a half days of time. How is that justified?</p> <p>A. All small schools have twenty six days over the academic year so it is just about how these are timed, which can cause an anomaly.</p> <p>SPi advised the Committee that Porthleven School had now joined the scheme. After Porthleven's addition had been bedded in, it was hoped Parc Eglos would join the scheme and their Site Manager would join the roving team. Only the secondary schools would then have dedicated site teams.</p> <p>Medium Term Projects Update - tasks completed between June 2021 and October 2021 and works planned for the future. All were on time and under budget.</p> <p>Larger Projects Update. There was nothing significant to report on this occasion.</p> <p>Building Compliance Update. SPi advised Committee members that checks were made every week but the current system being used, Parago, was not ideal for the Trust's purpose. As indicated earlier in the meeting, the Trust required a more comprehensive system for the whole estate and there was only one year left to run on the current agreement so other options were to be looked into before the end of that year – namely, Parago and two other products.</p> <p>Health and Safety Update. Over the summer, new Fire Risk Assessments had been completed for all of the Trusts schools, including any new additions such as the new Maths Block at Mullion School. The Estates Manager with responsibility for Health and safety was currently working through the findings with Matt Grainger, Cornwall Council Health and Safety Co-ordinator, and compiling action plans to ensure any areas of concern were addressed. SPi hoped to have a drive on all Health and Safety matters in the Spring Term, once the demands associated with the annual accounts and audit had been completed.</p>	

	<p>Capital Funding Update [SCA]. All the projects detailed needed to be funded and the core funding source for this was the SCA Funding the Trust received. Committee members were advised the SCA report see out how monies had either been spent to date or were planned to be spent in the future. SCA funding was allocated in conjunction with the SCA Working Group, who in turn used a series of predefined criteria to decide which projects were funded.</p> <p>See also Confidential Notes</p>	
14.	<u>POLICIES</u>	
	There were no new financial policies for review on this occasion.	
15.	<u>RISK REGISTER REVIEW</u>	
	It was agreed the Risk Register Review would be taken to the Trust Board meeting in January 2022 due to DBr's unexpected absence.	DBr / KTe
16.	<u>MINUTES AND MATTERS ARISING</u>	
	<p>The minutes of the meeting of the Finance & Resources Committee on 1st July 2021 were agreed to be an accurate record and were duly signed by the Chair. Matters arising included updates on:</p> <p>Logging onto VMF system. Action for Spring Term so to be carried over.</p> <p>Investigating Aspects of data in VMF. Action for Spring Term so to be carried over.</p> <p>Add benchmarking as a standard item on the agenda. Action for Spring Term so to be carried over.</p> <p>Cycle to work scheme proposal for sign off. The scheme had now been set up and staff informed of the details.</p> <p>Risk Register updates. This action had been completed.</p> <p>See also Confidential Notes.</p>	
17.	<u>ANY OTHER BUSINESS</u>	
	<p>New SIMS Licence – 2022-2025</p> <p>SPi advised Committee members it was necessary to make a decision regarding the three year licence deal for SIMS [information management system] prior to the end of term. It was proposed the Trust sign up for three years because, even if the Trust ultimately decided to move away from SIMS in the long run, it would be an eighteen month process to look at the various software options and ensure all the schools were on board. It was also suggested that - during the three year window - a decision about the Trust's future IMS system needed to be considered and made.</p> <p>Committee members were advised a portion of the 5% central charge was used to cover the cost of the licence.</p> <p>The budgeted spend was shared and the costs were better so the licence would be cheaper than the Trust was currently paying. It had not been possible to get three quotes.</p> <p>Committee members recommended the proposal go to the Trust Board for approval.</p> <p>Action: Proposal to go to Trust Board for approval.</p> <p>There were no further matters for consideration so the meeting was brought to a close at 8.15pm.</p>	SPi / KTe
16.	<u>DATES OF FUTURE MEETINGS</u>	
	<p>The next meeting of the SPCMAT Finance and Resources Committee will take place on Thursday 10th March 2022, from 6.00pm, in the Trust Conference Room.</p> <p>Thereafter, meetings will take place on:</p> <ul style="list-style-type: none"> 30th June 2022 	

Chair's Signature _____ **Date** _____