

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



**Thursday 12th December 2019, from 6.00pm,
in the Trust Conference Room.**

	<p><u>ATTENDING :</u> Donna Bryant Alan Horne Alison Newman Susan Reynolds Tony Sanders Kevin Thomas</p> <p>In Attendance Maria Collins [SPCMAT Business Manager] Andrew North [Member] joined the meeting by audio link for the Audit section Alison Oliver [Bishop Fleming LLP] Sean Pinhay [SPCMAT Chief Financial Officer]</p>	<p>DBr AHO ANe SRe TSa KTh</p> <p>MCo ANo AOI SPi</p>
	<p><u>APOLOGIES :</u> Phillip Woods David Reynolds had resigned from his LGB and so a replacement on the Committee would be required.</p>	<p>PWo</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.</p> <p>Under Declarations of Pecuniary Interests, KTh declared a new pecuniary interest as his wife had recently been appointed as the new secretary at Godolphin School.</p> <p>No further declarations were forthcoming.</p>	
<p>4.</p>	<p><u>AUDIT REPORT</u></p>	
	<p><u>Annual Report and Financial Statements to the Year Ended 31st August 2019</u></p> <p>AOI led the Committee through the report, which had been shared with Committee members beforehand, and highlighted key matters. These included:</p> <p>It was confirmed the contents of the Trustees' Report complied with requirements. Trustees confirmed they were satisfied the report accurately reflected the work of the Trust for the year.</p> <p>AOI advised Trustees to consider the Reserves Policy in the Accounts and to review it going forward. SPi stated this was a later agenda item for discussion.</p> <p>The report was Unmodified, which was a credit to the team.</p> <p>It was important to note that the two years' figures could not be compared because of key differences with the incorporation of the Keskowethyans schools into the Trust and the new build at Helston Community College.</p> <p><u>Q. Re. funds listed by individual schools: how is the overspend in the budget managed?</u></p> <p>A. Whilst there remains an overall positive balance, there is not an issue for individual schools as the overall positive balance provides a buffer to manage individual overspends. Please note Helston is less of an issue now as appropriate budgetary actions have been taken by the College.</p>	

The EFSA expected a breakdown by individual schools, irrespective of whether or not a Trust pooled its GAG monies. Going forward, the Trust was to produce an individual optimum staffing structure for the schools and the Reserves Policy would address aggregated underspends.

It was clarified that fixed assets and pension deficits were not recorded at individual school level but at Trust level.

Attention was drawn to the Actuarial valuation post the financial year; the contribution rate for LGPS of 18.5% was guaranteed for the next 3 years; the deficit was protected by the government.

Q. Has cash flow been appropriate through the year?

A. There has not been a problem in year. Cash flow stands at above four million at year end. The Trust should invest some of this pot. The cash flow looks healthy because of the capital funding, which is approximately two years behind on spend. Lloyds have provided options for 30 day and 1 year investments which should net interest of approximately £20,000.

Q. Will this investment strategy be added to the risk register?

A. Yes, once undertaken. However, it would be sensible to consider depositing a lump sum into a different bank to offset any risk with one provider.

Action: Investigate and offer proposals to the Committee in due course.

Attention was drawn to the staffing costs where, despite the growth of the Trust, the number of higher paid staff had remained consistent.

Q. Why are these recorded in £10,000 increments?

A. This is a requirement of the accounts directive.

The Related Party transactions were checked and Trustees confirmed everything had been disclosed appropriately.

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.

In the area of Key audit risks – risks being management override of controls; revenue recognition; unauthorised transactions; related parties; unauthorised borrowings or leases - no material error issues were identified.

Q. Why were there anomalies in the valuation of buildings?

A. These were based on historic information from the LA. Auditors reviewed these and they were as meaningful as they could be. There were no unreasonable anomalies in the view of the auditor.

Q. How does this relate to information given to insurers, as rebuild value must be significantly more than the valuation?

A. Insurance is at replacement value, not as this capital valuation.

Key Issues:

The Auditors reviewed journals posted during the year and identified some late nights / weekend work, which potentially posed a risk to wellbeing and accuracy of work. However, the auditors were satisfied with the explanation that this was a one off in preparation for year end and not a regular pattern of work. This, in turn, was the sole new issue of concern and was only graded green, the lowest level of concern.

Outstanding Issues from Previous Year's Report:

Lettings. This still required further work as part of a review of the overall charging strategy.

Internal reviews. Any remaining actions were to be finalised.

The auditors' overall assessment of the Trust represented the highest scores of all Bishop Fleming's clients, being green throughout and with an average score of 9+.

AOI reminded the Committee to be aware the EFSA would probe any significant difference in forecasts because it undermined the forecasting process and actual balances.

Q. Why is there a difference in the management accounts and the audited record?

A. Orders make the difference – management accounts include orders [known future commitments] whereas audited accounts are based on actuals only.

SPi

	<p>The Committee agreed this was a very good report and thanked AOI for her work. Congratulations were expressed to the Finance Team for their excellent work.</p> <p>The Committee recommended the approval of the Annual Accounts by the full Trust Board.</p> <p>Action: Accounts to be approved by full Trust Board.</p> <p>Action: Accounts and Letter of Representation to be signed off by Chair of Board / Accounting Officer.</p>	<p>KTh / DBr</p> <p>KTh / DBr</p>
5.	<p><u>ESTATES REPORT</u></p>	
	<p>The Committee were pleased to see the work undertaken, as detailed in the report shared with them prior to the meeting, and congratulated the team on their achievements.</p> <p>It was recognised the central recharge would need reviewing in the Spring budget in light of the new arrangements for Estates Management.</p> <p>Q. <u>What has been saved at school level to offset this additional charge?</u></p> <p>A. Although difficult to quantify the actual cost saved, it is estimated that jobs done by the in-house team are saving the schools at least 50% of the costs associated with employing a third party to complete the same work.</p> <p>SPi was to provide a list of cost savings within the Estates Report going forward.</p> <p>Roving Caretaker. MSK's work was really improving premises across the Trust. The apprentice at Helston Community College was working with him for part of the week to develop his skills base and to fulfil his training requirements.</p> <p>Medium Term Projects Update. The key here had been to ensure a good coverage of all schools and all schools had benefitted from medium size works. There had been numerous projects completed in the past four months, details of which had been included in the Estates Report, and a significant number of projects were planned for the next three months. A number of future projects would need SCA working group approval before work could commence.</p> <p>Larger Projects Update. The modular structure at Trannack was all but completed. The SCA working group needed to meet to discuss the detail of a number of proposed future projects, details of which could also be found in the Estates Report. SPi was to send out invitations for a meeting in the first fortnight of January 2020.</p> <p>Q. <u>Are the additional costs for the Garras backlog project coming to us as a Trust?</u></p> <p>A. Yes, the Trust has to pay a 10% contribution to backlog maintenance projects but, to provide reassurance, this figure has also been capped in agreement with Cornwall Council.</p> <p>Mullion School. Initial plans had been drawn up for the Maths block. Final plans were to come back to the SCA working group for sign off.</p> <p>3G Pitch. SPi had challenged the material for the sub stone layer for drainage, taking advice from an experienced local contractor. As a result, a change had been made and the contract was ready for sign off.</p> <p>Building Compliance Update. SPi explained the compliance spreadsheet. 90% coverage was now in place, up from the 40% of recorded work last year. Costs savings would be realised through bulk procurement going forward.</p> <p>Health and Safety Update. RCo and County were continuing their visits and reports were awaited. RCo was to lead staff training on key matters in the new calendar year.</p> <p>Please see Confidential Notes for additional information.</p>	<p>SPi</p>
6.	<p><u>MANAGEMENT ACCOUNTS – FINAL 2018/19 AND OCTOBER 2019/20</u></p>	
	<p>SPi outlined key issues arising from the accounts. These included:</p> <p>Management Accounts – Final 2018/19. Most of the schools were in a good position. The key actions required for those with more challenging budgets were discussed.</p> <p>Management Accounts were to be placed on the Google Drive for the Committee and, at school level, for the relevant Local Governing Body.</p> <p>Action: SPi to add a school summary page alongside the overall summary page, to aid the Committee's understanding of the overall position.</p>	<p>SPi</p> <p>SPi</p>

	<p>SPi explained there were two main reasons for budgetary pressures at the moment – costs associated with additional teaching assistant provision which had not been foreseen at the budget setting and the movement of pupils between schools within the Trust, creating staff shortages in some schools and staff surpluses in others. Therefore, it would be necessary to investigate the setting of Pupil Admission Numbers [PAN] for schools across the Trust to help avoid instability in school numbers and costs over staff deployment.</p> <p>ANe left the meeting at 6.55pm.</p> <p><u>Q. Why is the LGPS fixed charge higher for the former Keskowethyans schools than for the other schools?</u></p> <p>A. When the budget was set, it was not known that the split between the fixed and percentage charge for the former Keskowethyans schools was significantly different from the original Trust schools. Therefore, there was a budgeting error and, in turn, an overspend identified on the Management Accounts. Moving forward into the new year, all schools will be recharged this fee on the same basis.</p> <p><u>Q. Why are catering costs so high?</u></p> <p>A. Other than the three schools that provide school meals in house, all other catering budgets are structured in such a way as they appear to make a loss. This loss is actually the cost of providing free school meals. For the three schools that produce their own meals, a notional income is transferred from the GAG income in lieu of the free school meals produced so a trading position for the three kitchens can be monitored. All 16 schools not producing their own meals are serviced by Chartwells but former Keskowethyans schools are in a separate agreement which is not as cost efficient as it could be.</p> <p>Action: Catering to be fully reviewed at the next Finance and Resources Committee meeting.</p> <p>Please see Confidential Notes for additional information.</p>	SPi
7.	<u>CONFIRM PUPIL CENSUS NUMBERS RE. FUNDING 2020/21</u>	
	<p>It was a requirement of the Academies Financial Handbook that the Committee review the accuracy of the projected pupil numbers against actuals so SPi took Committee members through a paper on this. Overall, the variance in pupil numbers across the Trust was 13 pupils. This included 38 more pupils in secondary against 51 down in primary. DBr reminded the Committee that the secondary numbers also drew on pupils from schools outside of the Trust.</p> <p>Committee members confirmed they were content with the explanation regarding the variance of pupil numbers.</p>	
8.	<u>POLICIES</u>	
	<p>The Committee reviewed the draft SPCMAT Reserves Policy.</p> <p>Please see Confidential Notes for additional information.</p>	
9.	<u>RISK REGISTER REVIEW</u>	
	<p>There were no changes to be discussed on this occasion.</p> <p>Action: Add Capital Investment to the Risk register when this comes on stream.</p>	DBr
10.	<u>APPRENTICESHIPS AND USE OF LEVY</u>	
	<p>Committee members were pleased to note the increased take up of apprenticeship programmes. The Committee reviewed and accepted the following items:</p> <ul style="list-style-type: none"> • Breakdown of funds paid into the Trust’s Gov.UK Employer Account • Payments made from the Trust’s Gov.UK Employer Account • The current balance in the Trust’s Gov.UK Employer • Apprentices Currently Signed Up to the Trust’s Gov.UK Employer Account <p>DBr explained the Trust had been invited to participate in a new Improvers Apprenticeship pathfinder led by the Learning Institute, which provided a model for ongoing professional development for existing staff.</p>	

11.	<u>MINUTES AND MATTERS ARISING</u>	
	<p>The minutes of the meeting of the Finance & Resources Committee on 9th July 2019 were agreed to be an accurate record and duly signed by the Chair.</p> <p>Action: Estates Team to investigate an environmental solution to the heating at Manaccan School, which could potentially provide a model going forward for future work.</p>	SPi
12.	<u>ANY OTHER BUSINESS</u>	
	<p>Areas for Internal Audit</p> <p>Internal Audit had been provided by Cornwall Council Auditors for the past two years. To date, the Internal Audit had primarily focused on financials and risk management. Moving forward, Internal Audit reports would be submitted to the EFSA.</p> <p>The Internal Audit team were to be engaged for 10 days and the Committee, with its audit remit, would direct their focus. Committee members suggested the areas of focus should draw on: recommendations from the Cornwall Council matrix; the previous internal audit; CFO concerns; and any Risk Register issues.</p> <p>Action: SPi to explore advice from Cornwall Council and bring this to the next meeting to be reviewed alongside the previous report and risk register so the Committee could agree the foci for the Internal Audit.</p> <p>Please see Confidential Notes for additional information.</p> <p>There were no further matters for consideration so the meeting was brought to a close at 9.15pm.</p>	SPi
13.	<u>DATES OF FUTURE MEETINGS</u>	
	<p>The next meeting of the SPCMAT Finance and Resources Committee will take place on Thursday 5th March 2020, from 6.00pm, in the MAT Conference Room.</p> <p>Thereafter, meetings will take place on:</p> <ul style="list-style-type: none"> • 18th June 2020 	

Chair's Signature _____ Date _____