



## Epping Forest Schools Partnership Trust

Held on Tuesday 19<sup>th</sup> March 2019 at 7.00pm  
at St John's Primary School

# MINUTES of the FINANCE and AUDIT COMMITTEE MEETING

	<u>Trustees</u>		<u>Observers/Advisers</u>
	Gillea Rossetti (Chair)	*	Sharon Freeman (CFO)
*	James Wood	*	Elisabeth Nunn (Clerk)
*	Dee Wood		
*	Peter Tidmarsh (CEO)		
*	Lee Batson		

\* indicates attendance

(The meeting started at 7.03pm.)

		<u>ACTION</u>
<b>1</b>	<b>Apologies (and reasons for absence); declarations of interest in agenda; plus declaration of Business Interests; changes to the Gifts and Hospitality Register</b> There was an apology for absence from Mrs Rossetti (illness). There were no declarations. Rev Batson attended the meeting and took the Chair.  The Clerk confirmed that all current declaration of business interest forms appeared to have been completed accurately.	
<b>2</b>	<b>AOB requests for an end-of-meeting consideration</b> a) Discuss recruitment panel for surveyor post. b) Trustee meeting dates.	
<b>3</b>	<b>To approve the Committee's Minutes of 28<sup>th</sup> November 2018</b> The Minutes of the meeting held on 28 <sup>th</sup> November 2018 were approved and signed by Rev Batson.	



	<b><u>ACTION</u></b>
<p><u>Matters Arising</u> a) <u>Agenda item 9c: Policies</u>: The CEO confirmed he has responded to Theydon Bois' comments regarding policies from the autumn term and that no further correspondence has been received.</p>	
<p><b>4 MAT Budget 2018/2019</b> a) <u>A general overview by the CFO</u>: Mrs Freeman reported that she will send the management accounts to the CEO and the Clerk on a monthly basis for circulation to the Trust Board.</p> <p>The accounts for December 2018 had been circulated and the accompanying summary was discussed. Trustees noted that the overall reserves brought forward from 31<sup>st</sup> August 2018 were £2,318,737. The estimated reserves at 31<sup>st</sup> August 2019 are £2,364,234.60 which is an estimated surplus of £45497.59.</p> <p>Governors were given an update on the schools' in-year surplus/deficit and the following was discussed:</p> <ul style="list-style-type: none"> <li>i. <u>Hereward</u>, <u>Ivy Chimneys</u> and <u>Lambourne</u> all have building projects over the summer term which use some of their surplus balances.</li> <li>ii. Mrs Freeman reported that <u>Epping Upland</u> is an area of concern; it has gone into an in-year deficit owing to changes in staffing and the fact that the school had brought its carry forward balance into their budget. This had resulted in a deficit budget of £66,000 at December 2018. This has now been reduced to £12,000. Mrs Freeman will be going into the school in April to look into this further as she is concerned that the deficit may be even larger. It was noted that the school needs to review its staffing and that Mrs Noden, from Lambourne, may be asked to go into the school to review staffing levels with the Headteacher.</li> <li>iii. <u>Alderton Infant</u> and <u>Alderton Junior</u> have in-year surplus balances owing to their conversion balances.</li> <li>iv. <u>Limes Farm Infant</u> has high reserves which are being used to support changes in staff pay this year. Pupil numbers are fairly level, but the school is not at full capacity.</li> <li>v. <u>Oak View</u> remains of concern owing to the way the school receives its income. There is an in-year deficit, although this is likely to improve as estimates in SEN top-up funding have been based on the very lowest band.</li> <li>vi. <u>Staples Road</u> has reduced its in-year deficit to £4,000 due to natural staff wastage and not replacing staff who have left. The school is coping with its staffing, but only just.</li> <li>vii. <u>Theydon Bois</u> has gone into an in-year deficit because of support staff and teachers pay; however, the Headteacher is working on this.</li> </ul> <p>Trustees also noted the KPI data. The following, in particular, was noted: <u>KPIs per school</u>: Mrs Freeman had produced four KPIs for each school: % total staff versus total income; % total expenditure</p>	<p>CFO to send management accounts on a monthly basis to CEO/Clerk</p>



	<b><u>ACTION</u></b>
<p>versus total income; total income per pupil; and total expenditure per pupil. These were analysed in great detail.</p> <p>Trustees noted that there are a number of schools which are above the Trust’s benchmark of 80% for ‘total staff versus total income’: Chigwell Row, Epping Upland, Ivy Chimneys, Limes Farm Infant, Oak View, Staples Road, Theydon Bois and White Bridge. This information was discussed. Trustees asked that, in future, an additional column is included to show the national average data plus the average/benchmark for the Trust.</p> <p>Trustees also suggested that additional KPIs are included, for example, supply costs per lesson, middays per pupil, TAs per pupils, staff costs against the rest of the expenditure. Mrs Freeman also agreed to add in the actual surplus or deficit as an extra column. Trustees thanked Mrs Freeman for producing this information and agreed that the data should be used to inform improved budget balances in the next financial year. It was agreed that the Trust should also review the KPIs from its associate schools.</p> <p>It was agreed that this information will be shared with the Trust Board at its meeting on 28<sup>th</sup> March.</p> <p>c) <u>Cashflow Summary</u>: This had been circulated and was noted.</p>	<p>CFO to produce additional KPI data</p> <p>Trust Board agenda 28/03/19</p>
<p><b>5 To review the MAT Budget for 2019/2020</b></p> <p>Mrs Freeman reported that she will start planning the 2019/2020 Budget once the GAG (General Annual Grant) information is released. She is holding Budget workshops for schools on 21<sup>st</sup> May and 22<sup>nd</sup> May.</p> <p>Trustees discussed the three-year forecasts summary sheet which had been circulated. They noted the main factors influencing the 2019 budgets: changes in support staff salaries; teacher pay changes from 2018, which are still impacting on 2019; teacher pension changes; and a fall in birth rate which affects some of the schools. Trustees also discussed the summary details for each school. The following, in particular, was noted:</p> <ul style="list-style-type: none"> <li>a) <u>Alderton Infant</u> plans for a reduction in staffing.</li> <li>b) <u>Chigwell Row</u> is working towards reducing its support staff headcount. The Headteacher is retiring and the Trust is evaluating the impact of this change.</li> <li>c) <u>Epping Upland</u>: Mrs Freeman is to meet Governors to discuss a way forward as school has been advised to undertake no further recruitment.</li> <li>d) <u>Hereward</u> has very large reserves which need to be used in the right areas and not to prop up the staffing budget.</li> <li>e) <u>Limes Farm Infant</u> has a very pro-active Headteacher who is working hard to protect the budget.</li> <li>f) <u>Lambourne</u> did not take into account the additional income of its new unit which will ensure school does not have a deficit, especially as staffing will not significantly increase.</li> </ul>	



		<b><u>ACTION</u></b>
	<p>g) <u>St John's</u> is aware that next year it will show a deficit and so an action plan needs to be put in place to reduce this. It was also noted that the potentially higher salary of the new Headteacher has not been factored in and that this is a further risk to the school's finances.</p> <p>h) Staples Road has high reserves and as a result is finding it difficult to justify staff cuts.</p> <p>A general discussion was held about Headteacher costs across the Trust; Trustees felt that Deputy Headteachers should be encouraged to progress. They also discussed the role of School Business Managers and how these differ across the schools. It was agreed that there needs to be liaison and discussions between members of the HR Committee and the Finance Committee and that this will be discussed further at the Trust Board meeting on the March 28th when a strategic plan regarding school vacancies and the deployment of staff is discussed. It was suggested that a stand-alone strategic meeting should be arranged.</p> <p>Trustees acknowledged that there are some strategic decisions to be made regarding contingency, staffing and finance.</p>	<p>Contingency/strategy plan to be discussed at Trust Board on 28/03</p>
<p><b>6</b></p>	<p><b>To discuss and recommend the NJC Support Staff Pay Award for approval by the Board</b></p> <p>Mrs Freeman reported on the proposed National Joint Council (NJC) Agreement on pay for support staff. She outlined the two-year deal which involves changes to the number of pay points on the national pay spine as well as increases to the rates; this is as a result of the increase to the National Living Wage over recent years.</p> <p>The new national pay spine will come into effect from 1<sup>st</sup> April 2019 while the Essex Schools' Pay scales will come into effect from 1<sup>st</sup> April 2020. A one-year transitional arrangement has been agreed to manage the affordability and implementation of these new pay scales.</p> <p>Trustees discussed the impact on schools for 2019 in terms of workload for admin staff (schools have already budgeted for the change so the financial impact is already known). However, it is in April 2020, when the Trust's schools will notice an impact of the proposed changes. Mrs Freeman explained that Essex HR is completing a re-evaluation of the model job descriptions and these will be completed in June 2019. During the autumn term, the Trust will have to review current job descriptions and match to job evaluations made by Essex. There is no impact expected in Bands 1 -2; likely issues are in Bands 3 and 4 where admin jobs vary from school to school. Trustees noted that there will be salary protection for 18 months for any member of staff whose salary is re-evaluated to be lower. Trustees agreed that Headteachers may need to carry out some moderation of job roles across the Trust.</p> <p>Trustees asked: Q: Why is Essex doing this re-evaluation and making changes from bands to pay scales?</p>	



	<b><u>ACTION</u></b>
<p>A: (Mrs Freeman) The Unions have said they need to realign the bands in line with national guidelines.</p> <p>Q: Who decides who moves across the bands? A: The Headteachers and the LGBs and then signed off by the Trust. Anything particularly contentious will come direct to the Trust.</p> <p>Q: How are we supporting those schools who find this exercise difficult? A: (Mr Tidmarsh) We will carry out a risk assessment to find out who needs support.</p> <p>Trustees expressed concern about the re-evaluation process and noted that advice from Essex HR will be needed.</p> <p>Trustees acknowledged the financial implications and recommended the Trust Board approves the 2019 changes. It was agreed that they will revisit the proposals for the changes to the new pay scales for 2020 at the summer term committee meeting once the model re-evaluations by Essex have been completed.</p>	<p>Trust Board to approve NJC pay changes for 2019 on 28/03</p> <p>Committee to discuss 2020 changes at summer term meeting</p>
<p><b>7 Other financial matters</b></p> <p>a) <u>An update on the internal scrutiny review, as recommended by the Auditors' Management Letter</u>: It was noted that this is being carried out by Carly Ryan. However, it was agreed that the Trust needs an external party to undertake a scrutiny review and that Mrs Freeman will source appropriate personnel and seek three quotes; she will share these quotes with committee members by email. Trustees will have seven days to send comments to the Committee Chair who will approve under Chair's Action. In future, it may be possible to ask another Trust to carry this out as a traded service.</p> <p>b) <u>To confirm the ESFA's financial check recommendations received by the Trust in January 2019 have been addressed</u>: Mrs Freeman gave a verbal update on the recommendations. The following was noted:</p> <ul style="list-style-type: none"> <li>i. <u>Independent check of controls</u>: See agenda item 7a.</li> <li>ii. <u>Policy approval</u>: The Whistleblowing Policy and Competitive Tendering Policy (included within the Trust's Procurement Policy) were approved by the Board on December 4<sup>th</sup>.</li> <li>iii. <u>The Company Secretary and the CFO need access to the Get Information About Schools Register</u>: This is currently being arranged.</li> <li>iv. <u>Changes to the reporting of related party transactions and the 'at cost' policy must be discussed at Board meetings</u>: This was subsequently discussed and minuted at the Board meeting of December 4<sup>th</sup>. It was also noted that this information has also been cascaded to all staff.</li> </ul>	<p>CFO to seek quotes for internal review and circulate to Trustees</p>



	<b><u>ACTION</u></b>
<p>c) <u>Clarification on the anomalies from the first set of management accounts: the reduction in St John’s surplus by £103,986 to £153,224:</u> Mr Tidmarsh reported that, after review, this reduction in surplus was accurate.</p> <p>d) <u>Benchmarking data: To note the auditors’ review of St John’s staffing costs (in case these include WETSA/SCITT):</u> Mrs Freeman has looked into these costs and confirmed that the staffing costs as total income is 51% and not 88% as previously recorded. She added that staffing costs as a percentage of ESFA income was 81%.</p> <p>e) <u>To confirm the following key dates have been/are being met:</u> Mrs Freeman confirmed the following:            Filing of year-end accounts and management letter with EFSA: by 31<sup>st</sup> December 2018. This has been filed.            Filing of year-end accounts with Companies House: by 31<sup>st</sup> May 2019. This has been filed.            Academies Accounts Return: by 21<sup>st</sup> January 2019. This has been filed.            Accounts uploaded onto Trust website: by 31<sup>st</sup> January 2019. This has been achieved.</p> <p>f) <u>Mr Tidmarsh to report back on how other Teaching Schools deal with payments for additional work:</u> Mr Tidmarsh reported that some teachers are leading training for the SCITT graduates in certain areas so are being paid extra at the same rate as 1:1 tuition payments, as published in the Trust’s Pay Policy.</p>	
<p><b>8 To review the decision to have a single bank account</b>            Trustees held a detailed review of the Trust’s single bank account process. Mr Tidmarsh reminded Trustees that this had been a recommendation by Philip Cranwell. The CEO explained that there had been problems with this way of working from the outset and that these issues have not eased.</p> <p>He reported on the advantages of having one bank account for the entire Trust:</p> <ul style="list-style-type: none"> <li>• Cashflow is not a concern when making a payment</li> <li>• Only one set of bank charges</li> <li>• The Trust has visibility of all accounts at one time</li> <li>• All schools should have full control of their part of the budget</li> <li>• BACs payments made by one person</li> </ul> <p>However, he added that there are many disadvantages which are now evident after six months of trading:</p> <ul style="list-style-type: none"> <li>• Too many transactions going through one account</li> <li>• Reconciliations have to be carried out centrally and are too cumbersome and take too long</li> </ul>	



		<u>ACTION</u>
	<ul style="list-style-type: none"> <li>• Schools do not feel in control of their budget</li> <li>• Suppliers have complained of anonymous and late payments</li> <li>• BACs payments made by one person</li> <li>• Ultimately this system would result in centralising the Trust’s financial operations</li> </ul> <p>Mr Tidmarsh added that a meeting had been held with the bank the previous week to look at other options; the preferred option from September 2019 is to retain a Trust bank account which contains Trust reserves and salaries. All schools (and SCITT/WETSA) will have an individual subsidiary bank account containing all other monies.</p> <p>He explained the advantages:</p> <ul style="list-style-type: none"> <li>• Cashflow will not be a problem</li> <li>• Schools will regain full control of their budget including reconciliation</li> <li>• Payments to suppliers will be clearly itemised as coming from the school rather than the Trust</li> <li>• This will transition well as schools moving over to electronic income e.g dinner money</li> <li>• It will release the CFO to carry out her strategic role</li> <li>• Not reliant on one person to make BACs payments</li> </ul> <p>Trustees also noted the disadvantages:</p> <ul style="list-style-type: none"> <li>• Additional bank charges, although these are not significant</li> <li>• Office staff will need to be trained in making BACs payments</li> <li>• The Trust would have to access each account individually to obtain information</li> </ul> <p>Mrs Freeman added that the total cost per month will be £200 or £11.11 per month per school.</p> <p>Trustees discussed the proposal in detail and agreed that it was a preferable system to the current single bank account. They recommended it for approval at the Trust Board meeting on March 28<sup>th</sup>. It was also agreed that it will be reviewed in 12 months’ time at committee level.</p>	<p>Trust Board agenda item 28/03</p> <p>Committee agenda item Spring 2020</p>
<p><b>9</b></p>	<p><b>To review the Risk Management Plan in relation to this committee</b></p> <p>It was noted that this will be discussed at the full Board meeting on March 28<sup>th</sup>.</p>	<p>Trust Board agenda item on 28/03</p>



		<b><u>ACTION</u></b>
<b>10</b>	<p><b>To discuss and recommend Policies for approval by the Trust Board</b></p> <p>a) The following policies were recommended for approval on March 28<sup>th</sup> by the Trust Board: Financial Reserves Write Off and Disposal</p> <p>b) <u>To discuss the production of a Consultancy Policy</u>: This policy will be placed on the policy list for review in the near future.</p> <p>c) It was noted that Mrs Freeman will update the Financial Regulations Policy after April 2019 regarding related party transactions over £20,000 which have to go to the Secretary of state for approval.</p> <p>d) <u>To discuss if an Investment Policy is relevant</u>: A discussion was held about the £1.5m surplus which is in the Trust’s bank accounts earning very little interest. Trustees agreed that Mrs Freeman should investigate accounts with a variety of banks which offer good, ‘no-risk’ investment opportunities. She will report back her findings at the next meeting. Once this has been looked into, an Investment Policy can be produced.</p> <p>e) <u>To note the comments from the LGBs following policy review</u>: Governors went through all the comments from the LGBs regarding the policies which were relevant to this committee; the Clerk agreed to circulate the Trustees’ responses to the LGBs.</p> <p>f) <u>Data Protection Policy</u>: It was agreed that the Clerk will ask the DPO to review this policy as Trustees felt there were some references to the Data Protection Act which were out of date.</p>	<p>Trust Board agenda item 28/03</p> <p>CFO to update Financial Regulations</p> <p>CFO to report on interest accounts at summer committee meeting</p> <p>Clerk to circulate Trustees’ comments on policies to LGBs</p> <p>Clerk to ask DPO to review Data Protection Policy</p>
<b>11</b>	<p><b>Financial Planner/Work Plan</b></p> <p>Mrs Freeman confirmed she had sent Mrs Rossetti a financial planner. In Mrs Rossetti’s absence, it was agreed that the item to discuss the committee’s work plan will be carried forward to the next meeting.</p>	<p>Summer term committee agenda item</p>
<b>12</b>	<p><b>To discuss the completion of the Trustees’ Skills Audit</b></p> <p>This item will be carried forward to the next meeting.</p>	<p>Summer term committee agenda item</p>
<b>13</b>	<p><b>Clerk’s Items</b></p> <p>a) It was noted that Miss Wood has completed her DBS paperwork. The Clerk will ask Mrs Rossetti to complete hers at the Board meeting on the 28<sup>th</sup> March.</p>	<p>Mrs Rossetti to complete her DBS paperwork</p>



## Unlocking the Potential of Collaboration

Company No. 11240455

Registered office: Lambourne Primary School, Hoe Lane, Abridge, Essex RM4 1AU

		<b><u>ACTION</u></b>
<b>14 AOB</b>		
a) <u>Discuss recruitment panel for surveyor post</u> : Miss Wood volunteered to assist in the recruitment process of the surveyor's position within the Trust's central team.		
b) <u>Trustee meeting dates</u> : The Clerk agreed to circulate the draft governance planner for 2019/2020 with the agenda for the March 28 <sup>th</sup> Board meeting when it will be discussed and approved.		Clerk to circulate governance planner
	The meeting ended at 8.55pm.	