



Epping Forest Schools Partnership Trust

Held on Wednesday 4th July 2018 at 6.30pm
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 (Interim Clerk)
#	Dee Wood		
*	Peter Tidmarsh (CEO)		

* indicates attendance

indicates remote attendance via mobile phone

(The meeting started at 6.25pm.)

	<u>ACTION</u>
<p>1 Apologies (and reasons for absence) There were apologies for absence from Mr Wood (out of the country) and Ms Wood. However, Ms Wood joined the meeting remotely via telephone from agenda item 5 onwards.</p>	
<p>2 Appointment of the Chair Trustees were delighted to appoint Mrs Rossetti as Chair of the committee for the period until August 31st 2019.</p>	
<p>3 To approve the Committee's Terms of Reference The committee's Terms of Reference, previously approved in draft form by the Trustees at the 16th April 2018 meeting, had been circulated.</p> <p>There were a number of queries which were answered and the relevant amendments made:</p>	



	ACTION
<ul style="list-style-type: none"> • 2.2 (the committee) shall review, recommend to the Trust Board and monitor the individual School one (1) year budgets that are proposed by each Local Governing Body with a specific responsibility to ensure that budgets do not go into deficit. Trustees queried whether the HR Committee would have the resources to monitor individual schools. In response, Mrs Freeman reported that this monitoring would be for those schools where there is an area of concern and, in those circumstances, the committee would be prompted by the CFO. • 2.9 (the committee) shall review and recommend to the Board the Trustees Report. Trustees suggested the wording be changed to the following to ensure clarity: 'shall review and recommend to the Board the Trustees Annual Report for the Accounts'. • 2.11 (the committee) shall plan, oversee and monitor the internal audit of the Trust and ensure School compliance with the Trust's financial regulations and procedures. In the event of any non-compliance shall recommend and implement appropriate actions to enhance compliance. Trustees asked about the internal audit in terms of process. Mrs Freeman reported that there will be regular audits for the Trust schools and that these could be either internal or external. She added that this used to be undertaken by schools' Responsible Officers, a role which no longer exists. • 2.13 It was noted that there are four policies within the Financial Regulations document: Procurement, Anti-Fraud and Corruption, Investment, plus Disposal and write-off of stock assets. Mrs Freeman reported that she will amend these policies to ensure they are either more detailed within the Financial Regulations or are produced as stand-alone, separate policies. • 3.1.1 (The Committee composition shall be) Specified Trustees with relevant knowledge, skills and expertise in finance, accountancy, compliance, commerce and business. Trustees agreed that the committee needs to undertake a skills audit. The Clerk agreed to circulate an audit after the meeting. Completed audits should be sent to Mrs Rossetti for analysis by the start of the autumn term. • 5.2 It was agreed that the following needs to be inserted: <i>The CEO/Accounting Officer must be present at all meetings.</i> <p>A general discussion was held about a committee work plan. Mrs Freeman agreed to send Mrs Rossetti the Trust's financial planner; Mrs Rossetti will produce a committee work plan.</p> <p>Trustees approved the Terms of Reference which will be signed and ratified by the Board at its meeting on July 10th.</p>	<p>Mrs Freeman to amend four policies within the Financial Regulations</p> <p>Clerk to circulate skills audit; Trustees to complete and send to Mrs Rossetti for analysis by start of September</p> <p>Mrs Freeman to send Mrs Rossetti financial planner; Mrs Rossetti to produce committee's work plan</p> <p>ToR to be ratified at July Trustee meeting</p>



		<u>ACTION</u>
	<p>straight to the Appeal Panel to have them heard. Q: Does it mean that staff appeals, on p19 of the policy, bypass the LGB and go straight to the Trustees?</p> <p>Mr Tidmarsh reported that it is very rare to receive appeals over pay. However, he added that the Appeals Panel will include a representative from the Local Governing Body.</p> <p>Q: Will the Main Pay Range be divided into 11 stages, the Upper Pay Range 3 stages and the Unqualified Teacher Pay Range 4 stages as in previous policies? Mr Tidmarsh reported that this system will remain.</p> <p>A general discussion was held regarding the production of a Consultancy Policy. Mrs Freeman will look into this and report back. It was also noted that all Trust policies are being reviewed carefully by the CEO with Mrs Margetts.</p> <p>It was agreed that the Pay Policy will be recommended for approval at the July Trustees' meeting. It was noted that it will need to be reviewed again in September once the new pay scales have been announced. Trustees were pleased to note that the schools have had input into the draft policy and have been fully engaged in the process.</p>	<p>Mrs Freeman to report back on the production of a Consultancy Policy</p> <p>Trustees to approve revised Pay Policy at July Board meeting</p>
	(Ms Wood joined the meeting via mobile phone at this point.)	
5	<p>An update on the appointment of an Auditor Mrs Freeman reported that she has received quotes from a number of auditors and was recommending that the Trust appoints Haslers of Loughton. She reported that, after much negotiation, their fees are £26,000 for year 1, £29,000 for year 2 and £29,000 for year 3. The auditors have suggested that the Trust changes to a single payroll provider by 2019 as this will be more cost-effective. Mrs Freeman reported she will be going out to tender for the contract by December 2018. There is the possibility of bringing payroll in-house, although this will be looked at in three years' time.</p> <p>Mrs Rossetti agreed to sign off the analysis for the various auditors' quotes. Mrs Freeman agreed to have the appointment of Haslers ratified by the Members in advance of the July 10th Trustees meeting where it will be formally recorded.</p>	<p>Mrs Rossetti to sign off the best value quotes; Mrs Freeman to seek ratification by Members</p>
6	<p>To receive a Central Staff Overview Mr Tidmarsh had previously circulated details of the MAT's Central Staffing team, the Teaching School and the SCITT. The following, in particular, was noted: <u>Central Staffing Team:</u> a) Finance support has been budgeted for and this will be in the form of development opportunities throughout the MAT</p>	



		<u>ACTION</u>
	<p>for existing members of the schools' finance staff to focus on, for example, salary reconciliation or payroll. The tasks will be divided between the schools. Trustees noted that finance staff will apply for the roles and it will be considered part of their CPD. Essex HR has advised on the processes.</p> <p>b) The Data Protection Officer role will be carried out by Digital Pathways.</p> <p>c) The Company Secretary/Clerk to the Trustee post is currently being advertised. The Company Secretary will have a contract for 10 hours a week; this will include ensuring the website is compliant. Also, the postholder will analyse all the schools' LGB Minutes and produce a regular report for the Trustees. They will also attend the Central Staffing Team's meetings on a half-termly basis.</p> <p><u>SCITT/Teaching School:</u> Mr Tidmarsh gave a general overview of the SCITT and Teaching School staffing roles. The SCITT requires finance support for ½ a day a week and it is envisaged that the full-time manager position will be re-evaluated by HR to incorporate this finance support. It was noted that the Teaching School is advertising for a CPD manager and that this will be a teaching post for two days a week.</p> <p>Trustees were pleased to note that the Teaching School has submitted a Strategic School Improvement Funding bid to the DfE for £940,000 which is centred on the improvement of maths teaching and understanding. Mr Tidmarsh reported that if the bid is successful, the Teaching School will look to employ finance support (½ a day a week) and project management support (½ a day a week), but only if the funding application is successful.</p> <p>Trustees approved the MAT's Central Staffing team subject to a review of the Budget, noting that it has been reviewed by the Headteacher group and the Trust's HR Committee.</p>	
7	<p>MAT Budget 2017/2018</p> <p>Mrs Freeman had previously circulated the Budget paperwork for April 2018 to August 2018 which incorporated the phase 2 schools' details for July and August. Trustees noted the additional (GAG) pupil funding and staffing costs for the additional seven schools which converted on July 1st. Other expenditure remains unchanged. Trustees noted the total staffing costs of £3,855,710, which include support staffing costs of £1,531,719. They asked:</p> <p>Q: Why are the support staff costs so high?</p> <p>A: (Mrs Freeman) One of the main reasons for this comes from Oak View's staffing expenditure as they have a high ratio of staff to pupils. Also, the school is undergoing expansion. However, it is of concern that their staffing costs continue to rise.</p>	



	<u>ACTION</u>
<p>A detailed discussion was held about Oak View’s in-year deficit of £207,000. Mrs Freeman explained that she has been unable to discuss this with the school’s Bursar owing to absence for a family bereavement. However, Mrs Freeman confirmed she will go into the school in the following few days to clarify the financial situation. The Trustees requested that this matter is placed on the Trust’s risk register. They also stressed they will not tolerate deficit budgets and were concerned to note that the first Budget review shows five schools with in-year deficits. Mrs Freeman will report back on the Oak View position to the committee members in advance of the Trustees’ July meeting where it will be discussed further.</p> <p>Trustees also noted the other schools’ in-year deficits: Hereward (£17,000, although it was noted this is not of concern as it is a matter of reviewing their PPG allocation), Ivy Chimneys (£70,000), Limes Farm Infant (£38,000) and Staples Road (£72,000). After discussion, Trustees requested that Mrs Freeman produces a report to detail the support staff expenditure for each school; this report will include the FTE (full time equivalent) cost of support staff, pupil numbers for each school as well as a consolidated view. Ms Wood agreed to analyse this report which will be discussed further at the next meeting. Mrs Freeman also reported that from April 2019, there will be an overhaul of the support staff pay and that this has hit all school budgets hard.</p> <p>Trustees held a detailed discussion about how the Board progresses with the four schools (Ivy Chimneys, Oak View, Staples Road and Limes Farm Infant) with in-year deficits as their budgets are not sustainable. The following two-phase approach was agreed:</p> <ol style="list-style-type: none"> 1. <u>Phase 1</u>: Mr Tidmarsh and Mrs Freeman will visit the schools to have initial discussions in July about producing their deficit recovery plans to provide the Trust with a costed staff structure; HR will be involved. The schools’ LGBs will need to discuss these deficit recovery plans at their September meeting which will be reported to the MAT’s Finance and Audit Committee at its October meeting. Trustees were aware that the schools are already working very hard to address their budgetary issues. 2. <u>Phase 2</u>: All 15 schools will need to ensure their three-year budgets are balanced and a focus for the Trustees will be on those with a high percentage of staffing costs. <p>It was also agreed that a benchmarking exercise is carried out on all 15 schools to give Trustees a thorough financial understanding of the September 2018 to August 2019 school budgets.</p> <p><u>Cashflow</u>: Trustees also noted the cashflow figures which Mrs Freeman updates on a twice weekly basis. Mr Tidmarsh will check the cashflow statement at the end of every month to ensure it reconciles with the bank accounts.</p> <p>Trustees asked: Q: Are the Wave 1 schools’ carry forwards included in the figures?</p>	<p>Mrs Freeman to report back on the Oak View in-year deficit position</p> <p>Mrs Freeman to produce a report on support staff/pupil numbers for Ms Wood to analyse</p> <p>Finance and Audit Committee to analyse deficit recovery plans at October meeting</p>



		<u>ACTION</u>
	A: (Mrs Freeman) No, but they are shown on the report as non-grant income of £568,920.	
8	<p>EFSA Budget Return 2017/2018</p> <p>Mrs Freeman reported that she will send off the Budget Return by the end of July. This will be ratified by Mrs Rossetti under Chair's Action once Mrs Freeman has been able to clarify the deficit figures relating to Oak View.</p>	Mrs Rossetti to ratify EFSA Budget Return under Chair's Action
9	<p>MAT Central Costs Budget 2018/2019</p> <p>Mrs Freeman reported that she will share the Central Costs Budget 2018/2019 with the LGBs. It was noted that there will be a cumulative revenue balance at the end of year 1 of £16,000, at the end of year 2 of £27,000 and £32,000 at the end of year 3.</p> <p>A discussion was held about specific staffing costs and it was agreed that in future the spreadsheet will not show the CEO's specific salary; it was noted that in the company accounts, this will be shown as a banding. Mrs Freeman will adjust the spreadsheet.</p> <p>Mr Tidmarsh expressed concern that only £4000 has been allocated for admissions appeals especially as each appeal costs £315 and there potentially could be 30 appeals across the MAT each year. Mrs Freeman reported that she could move more into this heading as she has allocated £8000 for CFO Support and that this allocation could be reduced if she receives peer-to-peer support and help from the auditors in some areas.</p> <p>Trustees agreed that the Central Costs Budget needs to be revisited regularly to ensure it remains tight.</p>	<p>Mrs Freeman to share Central Costs Budget 2018/2019 with LGBs</p> <p>Mrs Freeman to adjust the spreadsheet regarding CEO's salary</p>
10	<p>EFSA Budget Forecast 2018/2019</p> <p>Mrs Freeman had previously circulated the financial detailed report for 2018/2019. She explained that funding is confirmed for 2018/2019 and 2019/2020 but is unknown for 2020/2021 onwards. Trustees noted the income for 2018/2019 of £18,804,462. Mr Tidmarsh agreed to carry out a benchmarking exercise against other similar MATs regarding income and staff numbers and report back. Mrs Freeman added that she meets regularly with Diocesan Trusts and will carry out a similar exercise on income and staffing costs and will report back.</p> <p>Trustees noted the expenditure for 2018/2019 of £19,068,347 which means there is an overspend of £263,885. However,</p>	Mr Tidmarsh and CFO to benchmark income, staff numbers and pupil numbers



	<u>ACTION</u>
<p>Mrs Freeman reminded Governors that £207,000 of this overspend is Oak View's in-year deficit. She added that although the accounts are showing an in-year deficit, the Trust remains solvent.</p> <p>Mrs Freeman reported that she will submit the consolidated schools' budget to the EFSA by the end of July 2018.</p>	<p>Mrs Freeman to submit consolidated budget by end of July to EFSA</p>
<p>11 AOB</p> <p>a) <u>Financial Regulations</u>: This document had been previously circulated. It was noted that it is a model EFSA library document, adapted to suit the needs of the Trust. Mrs Freeman agreed to send the Financial Regulations, plus the Commercial Cards Policy, to the LGBs requesting any questions to be sent to the CEO. The LGBs will be asked to consider the authorisation and monetary limits in particular. The policies will be approved at the Trustees meeting in October.</p> <p>b) <u>Gifts and Hospitality Policy</u>: A detailed discussion was also held about the Gifts and Hospitality Policy and it was agreed that this will be circulated to schools in the autumn term.</p> <p>c) <u>Conflict of Interests Policy</u>: Mrs Freeman reported that she is to ask Mrs Margetts to prepare a Conflict of Interests form to be sent to schools to cover all members of staff and LGBs. It was envisaged that the schools' Clerks will monitor that a suitable register is in place.</p> <p>d) <u>Future Finance and Audit Committee meetings</u>: The following was agreed:</p> <ul style="list-style-type: none"> • Meetings will start at 7.00pm and will run for no longer than 90 minutes. • Financial reports will have clear titles to identify them easily and will be sent out seven days in advance of the meeting along with the agenda. • Monthly management reports will be sent to the Trustees by the CFO. • The venue for these meetings will potentially be at St John's or at Theydon Bois. Mr Tidmarsh will confirm. <p>e) Agenda items for the next meeting:</p> <ol style="list-style-type: none"> 1. Risk Register. 2. Audit update. 3. Budget 2017/2018. 4. Budget 2018/2019 5. Deficit recovery plans. 	<p>Mrs Freeman to send Financial Regulations and Commercial Cards Policy to LGBs</p> <p>Finance and Audit Committee agenda item, October</p> <p>Gifts and Hospitality Policy to be sent to all schools in autumn</p> <p>Mrs Margetts to produce Conflict of Interest form for staff</p> <p>CFO to produce monthly management reports</p>
<p>The meeting ended at 8.37pm.</p>	