



# Epping Forest Schools Partnership Trust

Held on Wednesday 4<sup>th</sup> October 2018 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)		

\* indicates attendance

(The meeting started at 7.00pm.)

		<u>ACTION</u>
<b>1</b>	<b>Apologies (and reasons for absence)</b> There were no apologies for absence. Mr Wood, Miss Wood and Mr Tidmarsh completed their business interests. Mrs Rossetti must complete hers and hand it to the Clerk on October 10 <sup>th</sup> .	Mrs Rossetti to complete her business interests form
<b>2</b>	<b>Appointment of the Chair</b> It was noted that Mrs Rossetti was appointed Chair of the committee at the July meeting for 2018/2019.	
<b>3</b>	<b>To approve the Committee's Minutes of 4<sup>th</sup> July 2018</b> The Minutes from the meeting on 4 <sup>th</sup> July 2018 were approved and signed by the Chair. <b>Matters Arising</b> a) <u>Agenda item 3: Terms of Reference: 2.13: Policies within the Financial Regulations:</u> A discussion was held about the review status of the following policies: Procurement, Anti-Fraud and Corruption, Investment, plus Disposal and write-off of stock assets. It was agreed that the Board will discuss a timetable for the review of these policies at its October meeting.  It was agreed that the school needs a Capital and Reserves Policy and that this should be incorporated into both the	Trust Board agenda item 11/10/18  Mrs Freeman to incorporate Capital



	<u>ACTION</u>
<p>Accounting Policy and the Financial Regulations.</p> <p>Mrs Freeman reported that the Trust might be facing a write-off as one of the IT companies employed by some of the schools, ICT in Schools, is facing collapse; the schools have paid their fees a year in advance. Mrs Freeman added that the cost is approximately £3000 per school, totalling between £12,000 and £15,000 across the Trust. Governors discussed the repercussions of this, noting that the Trust has already met with another company who offers a similar service; Mr Furness from Ivy Chimneys is co-ordinating this matter for the Trust.</p> <p>b) <u>Agenda item 3: Terms of Reference: Skills audit</u>: Mrs Rossetti reported that she has a proforma and that this will be discussed further at the November meeting.</p> <p>(Miss Wood arrived at 7.14pm.)</p> <p>c) <u>Agenda item 3: To confirm Mrs Freeman sent Mrs Rossetti a financial planner and Mrs Rossetti has produced the committee's work plan</u>: It was noted that Mrs Rossetti will liaise further with Mrs Freeman. This item will be carried forward to the next meeting.</p> <p>d) <u>Agenda item 3: ToR: To approve the committee's ToR which will be ratified at the October Trust Board meeting</u>: Trustees approved the committee's Terms of Reference with one amendment regarding meetings to be held by telephone, by exception. The Clerk agreed to make the amendment.</p> <p>e) <u>Agenda item 4: Mr Tidmarsh to report back on how other Teaching Schools deal with payments for additional work</u>: Mr Tidmarsh reported that, although he has spoken to one other Teaching School, he needs to carry out further research and will report back at the spring term meeting.</p> <p>f) <u>Agenda item 4: Mrs Freeman to report back on the production of a Consultancy Policy</u>: This policy will be discussed further at the Trust Board meeting on October 10<sup>th</sup>. Mrs Freeman agreed to source a model policy.</p> <p>g) <u>Agenda item 5</u>: Mrs Rossetti confirmed she had signed off the best value quotes for the appointment of the Auditors.</p> <p>h) <u>Agenda item 5</u>: It was noted that the Members ratified the appointment of the Auditors.</p> <p>i) <u>Agenda item 8</u>: It was noted that the CEO ratified the EFSA Budget Return 2017/2018 electronically and Mrs Rossetti was informed at the time.</p>	<p>and Reserves Policy into Financial Regulations and Accounting Policy</p> <p>Skills audit to be discussed at November meeting</p> <p>Work plan to be discussed at November meeting</p> <p>ToR to be ratified at October Board meeting</p> <p>CEO to research payments for additional work; spring term agenda</p> <p>October Board meeting; CFO to source model policy</p>



	<b><u>ACTION</u></b>
j) <u>Agenda item 10</u> : Mrs Freeman confirmed she submitted the consolidated budget to the EFSA by the end of July.	
<b>4 MAT Budget 2017/2018</b> a) <u>Mrs Freeman to report on the Oak View in-year deficit</u> : Trustees were reminded of the discussion held at the previous meeting about Oak View and its in-year deficit. At the time, Mrs Freeman confirmed she had arranged to go into the school to clarify the financial situation.  Following that meeting, Mrs Freeman was able to clarify that the school receives £10,000 per pupil as block funding and additional SEN top-up funding. In July, the school received £597,000 in top-up funding which covered the in-year deficit.  Trustees were concerned to note that already by month 2, the school's educational support staff heading is over budget and they agreed that the Trust needs to look into whether the school is overstaffed. After a detailed discussion, it was agreed that Mrs Freeman will visit another similar school to compare budgets and personnel needs/expenditure. Trustees asked if there were ways to carry out a benchmarking analysis of similar schools to show the ratio of staff to pupils, but Mr Tidmarsh explained that it is very difficult as many special schools offer bespoke care for the children. Mrs Freeman and Mr Tidmarsh agreed to try to carry out a national benchmarking exercise.  Mrs Freeman was pleased to report that Oak View's 2018/2019 budget balances. Trustees requested that Mrs Freeman forecasts Oak View more regularly than the other schools to keep on top of funding and personnel expenditure.  Mrs Freeman also reported that the school is struggling with the new finance system and requires ongoing support. She added that Haslers is supporting the school and that the business manager at Lambourne is also 'buddying up' with Oak View's bursar. Mrs Freeman reported that she will be visiting the school once or twice a month to ensure everything is operating smoothly.  b) <u>An update on Mrs Freeman's report on all schools' support staff/pupil numbers for Miss Wood to analyse</u> : Mrs Freeman had previously circulated a report which was noted and discussed. Mrs Freeman summarised the following: <ul style="list-style-type: none"><li>• <u>Cleaning and catering</u>: There appears to be a trend that schools with external cleaners and catering staff struggle financially more than the other schools. Mrs Freeman reported that the Trust will look into arranging for these external contractors to be TUPEd over to the MAT. Mrs Freeman added that Limes Farm Infants share their contract kitchen with the Junior school, which is not part of the Trust, and this could prove problematic in terms of finances.</li></ul>	



		<u>ACTION</u>
	<p>Cleaning could become a procurement exercise across the Trust, although centralising catering staff would be more difficult as there are not many schools employing external kitchen staff.</p> <p>Mrs Freeman will carry out a review of catering and cleaning for the Trust and she will report back.</p> <ul style="list-style-type: none"> <li>• <u>Pupil/staff ratio</u>: Trustees noted the data regarding the schools' pupil/staff ratio which differed greatly throughout the Trust. Some schools use electronic cash counting equipment while others continue to use manual cash counting methods. Mrs Freeman stressed this is a waste of resources.</li> </ul> <p>Trustees were delighted to note that Lambourne Primary Headteacher Sarah Noden, who has a background in finance, has offered to assist with the deficit recoveries by reviewing staffing in order to limit any impact on pupil outcomes. She will start with White Bridge and Ivy Chimneys.</p> <ul style="list-style-type: none"> <li>• A discussion was held about White Bridge Primary which is carrying out a staff restructuring review with Essex HR. Trustees were pleased to note that an additional funding stream for the school is its new High Needs unit. Staples Road is working closely with its Governors to eradicate its in-year deficit.</li> </ul> <p>c) <u>MAT Budget 2017/2018</u>: Mrs Freeman had previously circulated the consolidated budget figures for period 12. Trustees were particularly pleased to note that the spreadsheet contains tabs for every school, allowing Trustees to analyse the figures and background information. Trustees noted that the Trust spreadsheet is ready for Haslers who will be carrying out an audit from Monday October 8<sup>th</sup>.</p> <p>Mrs Freeman gave the following headline information:</p> <ul style="list-style-type: none"> <li>• There is a slight decrease of £8,973 in ESFA income due to some schools not having budgeted for the RPA (Risk Protection Arrangement) payments which came out of their GAG (General Annual Grant).</li> <li>• There is £13,8730 more in the Other Government Grants heading than originally budgeted and this is made up of conversion grants received after conversion.</li> <li>• The SEN payments heading is showing an increase of £176,807 and this is as a result of Oak View's top-up payments.</li> <li>• Total staffing costs exceed budget mainly due to educational staff budgets being exceeded in all schools.</li> <li>• The maintained school budgets for the Phase 1 and 2 schools have four months from conversion to close down, although some accounts are now expected to close by the end of October.</li> <li>• The original budget predicted a surplus of £827,378; however, there is a surplus of £1,711,122 and this is due to higher funds on conversion and the Oak View SEN funding which was also higher than expected.</li> </ul>	<p>CFO to review catering and cleaning across the MAT</p>



		<u>ACTION</u>
	<p>A general discussion was held about how the agency and educational support staff headings are going over budget. Mr Tidmarsh reported that some schools use TAs or students from the SCITT to cover classes rather than call in agency staff and he felt this is best practice which needs to be embedded across the Trust schools.</p> <p>Trustees thanked Mrs Freeman for her report and were pleased to note the Trust is in the black.</p> <p>d) <u>Conversion feedback</u>: Trustees held a detailed discussion about the immense workload placed on the schools which converted in July, in particular the pressures on business managers and finance staff as well as the central payment schools. Trustees agreed that the bursars and finance staff are thanked properly for all their hard work and commitment and Mr Tidmarsh reported that this was in hand.</p> <p>Mrs Freeman reported that as a result of the difficulties encountered by staff, particularly with the introduction of the Sage accounting system, the Trust is looking to recruit a Trust Finance Officer who will carry out Mrs Freeman’s in-school support role, allowing the CFO to be more strategic. The Finance Officer will also support the Trust in a compliance role. It was noted that there will be Internal Control Evaluations on an annual basis by an external provider so the schools must be compliant in all financial areas.</p> <p>Trustees asked:            Q: Why did Mr Cranwell not alert us to the fact that finance would see such a big area of change?            A: (Mr Tidmarsh) He did, but there have been other obstacles as well.</p> <p>Mrs Freeman had previously circulated a written report which was discussed and noted. Trustees were very pleased to note the support being offered by Haslers.</p> <p>Trustees thanked Mrs Freeman for her report.</p>	
5	<p><b>MAT Budget 2018/2019</b></p> <p>a) Mrs Freeman confirmed she had shared the Central Costs Budget 2018/2019 with LGBs.            b) Mrs Freeman confirmed she has adjusted the spreadsheet regarding the CEO’s salary.            c) It was noted that the CFO has produced monthly management reports for Trustees.            d) <u>MAT Budget 2018/2019</u>: Mrs Freeman reported that there had been no changes to the Budget 2018/2019 since it had been previously reviewed by Trustees. She explained that the Trust has until November for the Phase 2 school’s GAG statements to be confirmed. Mrs Rossetti will approve the 2018/2019 Budget in November under Chair’s Action.</p>	<p>Mrs Rossetti to approve 2018/2019 Budget under Chair’s Action</p>



		<u>ACTION</u>
<b>6</b>	<p><b>Deficit Recovery Plans</b></p> <p>a) <u>To note and discuss the measures put in place by the Trust regarding schools achieving balanced budgets:</u> This was discussed under agenda item 4b.</p>	
<b>7</b>	<p><b>To receive an update on the Trust Audit</b></p> <p>a) <u>Trust Audit:</u> Mrs Freeman reported that the Audit preparation is almost complete and Haslers are due to start on their fieldwork on 8<sup>th</sup> October. They will be based at St John’s during this time and will visit schools as and when they need to. Trustees were very pleased with the additional support provided by Haslers with regards to in-school support and bank reconciliation.</p> <p>b) <u>DfE Financial Management and Governance Assessment:</u> Mr Tidmarsh reminded Trustees that there will be a DfE audit on October 10<sup>th</sup> and 11<sup>th</sup>. He reported that the pre-audit spreadsheet has been completed and the evidence collated. Mr Cranwell has helped with this exercise and an online library has been created. He added that the three schools which will form the focus of the audit (Lambourne, St John’s and White Bridge) have all received a briefing and feel prepared. A discussion was held about the MAT’s internal financial controls and how this could be seen as a weakness; Trustees agreed that as the Trust has only just been formed, and is recruiting for someone to support in a compliance role, this should satisfy any concerns by the DfE.</p>	
<b>8</b>	<p><b>Benchmarking</b></p> <p>a) It was noted that the CEO’s report on his benchmarking exercise against other similar MATs regarding income and staff numbers will be carried forward to the next meeting.</p> <p>b) It was noted that Mrs Freeman’s report on her benchmarking exercise with Diocesan Trusts will also be carried forward to the next meeting.</p>	November agenda items
<b>9</b>	<p><b>To discuss the Risk Management Plan in relation to this committee</b></p> <p>The Risk Management Plan had been distributed previously and Trustees noted that there are two tabs within the document: one relating to the Trust and the other for schools. It was noted that the central staff team has completed a basic plan; the schools will complete their own risk plans and send them to the Trust in advance of the December Board meeting. Trustees agreed that from this committee’s point of view, it should show risk for Oak View, financial resilience and the deficit schools. Mr Tidmarsh and Mrs Freeman agreed to look at the basic plan in advance of the Trust Board meeting on October 10<sup>th</sup>. It will be reviewed by the Finance Committee at each meeting.</p>	





		<b><u>ACTION</u></b>
	Freeman added that from April 2019, there will be new salary scales for support staff, which have already been budgeted for, and from September 2019, employers' teacher pensions contributions will be reviewed again.	
<b>11</b>	<b>Clerk's Items:</b> There were none.	
<b>12</b>	<b>AOB</b> <u>Future Finance and Audit Committee meetings:</u> The following was agreed: <ul style="list-style-type: none"><li>• Trustees requested that supporting papers are sent to them in advance of the meeting to allow for scrutiny, with headline data highlighted by Mrs Freeman. They appreciated her commentary and asked for that to continue.</li><li>• Once Ms Noden from Lambourne has carried out her staffing review on the schools with deficit recovery plans, Trustees will analyse her findings at the pace of one school per meeting.</li><li>• Trustees were pleased with the detailed spreadsheet presented by Mrs Freeman.</li><li>• Future meetings will require a large overhead screen.</li></ul>	
	The meeting ended at 8.55pm.	