



## TRUST BOARD – FINANCE COMMITTEE

Minutes of a Meeting of the Finance Committee of the Trust Board of South East Cornwall Multi Academy Regional Trust held at Liskeard School and Community College on Thursday 15<sup>th</sup> November 2018 at 6.30pm

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**Present:**        **Mr B Cook**  
                      **Mr K George**  
                      **Mr J Kitson**  
                      **Mr R Newton Chance**

**Absent:**

**In Attendance:** **Mr D Buckley, CEO**  
                          **Mrs J Lumbar, Chief Financial Officer**  
                          **Mrs K Williams, prospective Clerk to Trust Board**  
                          **Mrs D Stoneman – Clerk to SMART Board**

1.     **Welcome**

Mr Cook welcomed everyone present to the first Finance Committee meeting; the evacuation procedure in the event of an emergency was outlined.

2.     **Declaration of Business or Pecuniary interest – update on any changes since completion of written declaration**

There were none.

3.     **Apologies**

All present.

4.     **Finance Report and update on Resources issues**

Documents had been circulated in advance of the meeting and were summarised by Mrs Lumbar. From this:

- a)     Teachers pay increase – a 2% increase had been included in the budget. When this came through it was actually 1.5% for Leadership, 2% for UPS (Upper Pay Scale) and an increase for main scale teachers rising to 3.5%. As 2% had already been budgeted for, this did not have a significant financial impact, especially when the staff profile is taken into account as there is a high percentage of staff on UPS. The extra cost was £14,731 in addition to the budgeted amount. The ESFA Teachers' Pay Grant funded a pay increase of 1% of this and overall this has been a financial benefit for SMART. The Pay Grant has been agreed for 2018-19 and 2019-2020 to April 2020. Mrs Lumbar advised that she has made an assumption that similar pay increases will apply in future years. Directors felt this was a very cautious and sensible approach.
- b)     An increase in teachers' pension contributions was also budgeted for but this has now been delayed so the additional funding allocated for this has been returned to the budget. There was a discussion as to whether this increase is being funded by the ESFA. Some believed it was but nothing specific on this has been issued yet. There was a discussion about the amount of the increase and the likelihood of additional funding. This needs to be clarified.

**ACTION: J LUMBAR**

- c) **A Director asked about for specific amounts regarding the teacher's pay increase.** Mrs Lumbard would provide this. **ACTION: J LUMBARD**
- d) Ongoing budgets for each of the schools have been prepared and the future KPIs will be measured against these.
- e) Finance KPIs – Variances for month 1 are measured against one twelfth of the original budget. It was noted that for most schools the report is based on period one.
- f) 2017-18 – Mrs Lumbard advised that most schools had ended the last financial year with slightly more than expected. Only Liskeard had a larger deficit than anticipated. She has worked with their Business Manager to look at procedures associated with this which is mainly connected to late submission of historical invoices from previous Local Authority contracts. See Appendix.
- g) Mrs Lumbard highlighted the areas of concern on the spreadsheet. **A Director asked about the £1.4m in 'other sources of income'.** Mrs Lumbard advised that this includes the CBU income together with that from the other schools. After discussion it was agreed that the CBU amount needs to be reallocated. **ACTION: J LUMBARD**
- h) **A Director commented that one of the schools has a revised forecast column.** It was clarified that this is on all reports but currently hidden and will be updated when the information is available. This will then appear on all summaries in future.
- i) It was noted that 'lettings' are slightly down and income from 'sold services' has reduced. For saltash.net this is due to the discontinuation of the sports SLA to primary schools. Mrs Lumbard has spoken to the Liskeard Budget Manager about the reduction at Liskeard and he will be investigating this.
- j) **A Director suggested that the pence are removed from spreadsheets in future.**
- k) **A Director asked what unfunded staffing is.** Mrs Lumbard advised that this is the total amount spent on staffing which is not funded by central or local government.
- l) **A Director asked for a cash flow statement.** Mrs Lumbard will send this out with the accounts to all committee members tomorrow. Finance Summary Sheets will be sent to all directors in future. **ACTION: J LUMBARD**

#### 5. **Finance Compliance Checklist**

Mrs Lumbard advised that they have been identifying the key functions of the Finance Team and aligned this to a timeline. The deadlines are on the SMART calendar. September is the first month that this has been in place and there has been some fluctuation. The October report will be RAG rated. **A Director asked for clarification about the 'Viable challenges from the LGC finance' section at the end of the Finance Compliance Checklist.** Mrs Lumbard advised that this had been explained at the earlier link meeting. Even a one day delay will be highlighted in red in future.

Directors commended this method of recording practices.

#### 6. **Financial Health checks - DfE School Resource Management self-assessment tool**

It had been suggested that this is completed for all the schools and these had been circulated in advance of the meeting. From this:

- a) After discussion, it was suggested that the Liskeard teacher ratio cannot be correct. It was noted that the guidance is confusing. This will be checked. **ACTION: J LUMBARD**
- b) Directors acknowledged that some of the criteria meant it is difficult to interpret data but agreed it is a useful starting point.
- c) It was noted that ARBs (Area Resource Bases) are included; Directors asked that these are extracted. **ACTION: J LUMBARD/D BUCKLEY**
- d) Mr Newton Chance advised that he has the current data set and would forward this to Mrs Lumbard for her to do a further analysis. **ACTION: R NEWTON CHANCE**
- e) **A Director asked how this data will be used in the future.** Mrs Lumbard advised that it will be used when setting budgets but care needs to be taken with the primaries due to their size. Research will be done into those areas which show a concern.
- f) **A Director asked about section e, and whether it should be considered by the Learning Committee.** It was noted that there are other matrixes produced which could assist in this.
- g) **A Director asked about the check list and how this will be used.** Mrs Lumbard advised that a lot of the things listed are covered by the Responsible Officer checks overseen by Bishop Fleming.

7. **Level of Reserves – request to consider by Trust Board at 18<sup>th</sup> July meeting**

Mrs Lumbard advised that she has highlighted a section regarding this in the Reserves and Investment Policy. The recommendation from the auditors is to retain 8%. The view of the ESFA was read out. The wording in the policy has been revised to read ‘a maximum of 8%’.

Directors felt that this was too high and the funding should be spent to educate the students currently in the schools. Based on the advice of the auditors, Directors agreed the MAT will endeavour to achieve a marginal increase in reserves.

After discussion, Directors unanimously agreed to retain the policy wording as drafted.

8. **Capital Funding allocation policy and process and Healthy Pupils Capital Fund allocation policy and process**

A draft policy had been circulated in advance of the meeting which Mrs Lumbard summarised. From this:

- a) It was noted that this document includes the annual bidding procedure, assessment criteria and how it will work across the Trust.
- b) It was clarified that DFC (Devolved Formula Capital) goes straight to schools; SCA (Schools Condition Allocation) comes to the MAT.
- c) **A Director asked for confirmation that an amount for work considered to be emergency would be taken from the allocation and a bidding process allowed for the remainder.** It was confirmed that this is the case.
- d) There was a discussion about the buildings insurance and the items covered.

- e) **A Director suggested that there should be specified pre-conditions specifically relating to the number of quotations provided.** This would be added.
- f) **A Director asked who provides the condition surveys.** Mrs Lumbard advised that the ESFA have done some and others have been updated by Kendall Kingscott. She advised that for this year, current information will be used and priority will be given to updating those which are out of date, next year. **A Director asked how this would be funded.** Mrs Lumbard advised that the intention is that it will be centrally funded. **A Director asked what the cost of this would be.** It is about £2K per school. **A Director felt the schools should fund this.** Mrs Lumbard advised that the primaries would not be able to afford this. She advised that she felt that as the funding is centrally allocated and the information is required centrally, this should be funded by the CBU. Mr George asked for the condition surveys to be sent to him in advance of the Link meeting next week. Mrs Lumbard would pursue this. After discussion, Directors agreed that these surveys should be funded come from the SCA. **ACTION: J LUMBARD**
- g) It was noted that the weightings are still to be finalised; the document also needs to be separated into two sections; one to reflect procedure and the other for the criteria to be applied.
- h) **A Director suggested that there is a very specific section on how emergency work will be determined.** It was felt that these would be apparent in the condition surveys.
- i) **A Director asked who signs off the list of proposed projects.** It was agreed that this should be this Resources Committee. It was agreed that this needs to be included prominently in the document, together with clarification of the process.
- j) **A Director pointed out that most capital expenditure has a revenue consequence and this should be included on the form.**

Directors agreed the document in principle subject to the changes suggested above. The amended version would be circulated by email.

**ACTION: J LUMBARD**

9. **Tender for CBU IT Domain – consider bids**

This was deferred because presentations will not take place until 20<sup>th</sup> November. These will be considered by the Trust Board at the meeting on 28<sup>th</sup> November.

10. **Review of Policies:** Scheme of Financial Delegation; Investment Policy; Reserves Policy; Financial Policy and Procedures; Charging & remissions policy; Counter theft fraud & corruption; Donations policy & procedure

These had been circulated in advance of the meeting. Any changes from the previous versions had been highlighted. It was noted that The Scheme of Financial Delegation has had several changes.

**Investment Policy** – a Director suggested that reference is to Trust Board and not Directors. Reference to this committee should be Resources Committee. **A Director expressed concern that all the finance is in one account and asked what the current balance is.** This is £1.4m. The current bankers are Lloyds; Mrs Lumbard will research this further. **A Director asked if a tender has been done for banking provision.** Mrs Lumbard advised that that was done when the MAT expanded and Lloyds provide free banking.

**Charging and Remissions – A Director queried the references to those on benefits and how**

**this is evidenced.** Mrs Lumbard advised that the entitlement to free school meals is an indicator for this. In the majority of these cases, there will be a discussion with the parent and pastoral team. There was a discussion about those parents who refuse to pay. Directors were advised that the only way around this is to not do the trip. Guidance from the DfE about this needs to be checked. Mrs Lumbard will do this and recirculate the draft. **ACTION: J LUMBARD**

**Counter Theft Fraud and Corruption – A Director asked if Bishop Fleming have agreed with the reference to the auditor in this policy.** This will be checked with their letter of engagement. **ACTION: J LUMBARD**

**Donations policy and procedure** – this was agreed without change.

**Finance Policy and Procedures** – Mrs Lumbard explained the changes made. ‘Overall cost’ to be changed to ‘agreed establishment’. Tender Evaluation Process – ‘must’ involve members of the Trust Board not ‘should’.

**A Director highlighted some changes (year should be 2006 not 20066); and queried whether this should refer to a three or five year plan.** After discussion it was agreed that this should be three years. It was noted that the review of Risk Registers was previously done by the Audit Committee and this should continue. Reference to the appendices on page 9 should be to the Financial Scheme of Delegation. **A Director felt it was not clear who authorises trips and activities.** This should be the Headteacher and would be clarified in the document. It was agreed that reference should be to the Trust Board throughout. **A Director suggested that references to BACS payments should be consistent and that there should be clarification about small claims court – should be courts.**

**Financial Scheme of Delegation** – five year to be changed to three year. Mrs Lumbard advised that this has been revised to take account of feedback from Headteachers and Local Governing Committees. The ‘less than’ and ‘more than’ symbols will be checked.

11. **Report from the Chair**

**A Director asked how the contents of this meeting will feed into the Trust Board.** It was agreed that the minutes of meetings will be an agenda item at Trust Board meetings with the Chairs of Committees having an opportunity to provide additional information and answer questions.

12. **Date of Future Meetings**

Thursday 14<sup>th</sup> March and Tuesday 4<sup>th</sup> June at 6.30pm

The meeting finished at 8.35 pm

**ACTION SUMMARY**

<p><b>M4 Finance Report and update on Resources issues</b>  b) An increase in teachers’ pension contributions was also budgeted for but this has now been delayed so the additional funding allocated for this has been returned to the budget. There was a discussion as to whether this increase is being funded by the ESFA. Some believed it was but nothing specific on this has been issued yet. There was a discussion about the amount of the increase and the likelihood of additional funding. This needs to be clarified.</p>	<p><b>J LUMBARD</b></p>
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<p><b>M6 Financial Health checks - DfE School Resource Management self-assessment tool</b></p> <p>a) After discussion, it was suggested that the Liskeard teacher ratio cannot be correct. It was noted that the guidance is confusing. This will be checked.</p> <p>a) It was noted that ARBs (Area Resource Bases) are included; Directors asked that these are extracted.</p> <p>b) Mr Newton Chance advised that he has the current data set and would forward this to Mrs Lumbard for her to do a further analysis.</p>	<p><b>J LUMBARD</b></p> <p><b>J LUMBARD /D BUCKLEY</b></p> <p><b>R NEWTON CHANCE</b></p>
<p><b>M8 Capital Funding allocation policy and process and Healthy Pupils Capital Fund allocation policy and process</b></p> <p>f) <b>A Director asked who provides the condition surveys. A Director asked how this would be funded.</b> Mrs Lumbard advised that the intention is that it will be centrally funded. <b>A Director asked what the cost of this would be.</b> It is about £2K per school. <b>A Director felt the schools should fund this.</b> Mrs Lumbard advised that the primaries would not be able to afford this. She advised that she felt that as the funding is centrally allocated and the information is required centrally, this should be funded by the CBU. Mr George asked for the condition surveys to be sent to him in advance of the Link meeting next week. Mrs Lumbard would pursue this. After discussion, Directors agreed that these surveys should be funded come from the SCA.</p> <p>Directors agreed the document in principle subject to the changes suggested above. The amended version would be circulated by email.</p>	<p><b>J LUMBARD</b></p> <p><b>J LUMBARD</b></p>
<p><b>M10 Review of Policies:</b> Scheme of Financial Delegation; Investment Policy; Reserves Policy; Financial Policy and Procedures; Charging &amp; remissions policy; Counter theft fraud &amp; corruption; Donations policy &amp; procedure</p> <p><b>Charging and Remissions – A Director queried the references to those on benefits and how this is evidenced.</b> Mrs Lumbard advised that the entitlement to free school meals is an indicator for this. In the majority of these cases, there will be a discussion with the parent and pastoral team. There was a discussion about those parents who refuse to pay. Directors were advised that the only way around this is to not do the trip. Guidance from the DfE about this needs to be checked. Mrs Lumbard will do this and recirculate the draft.</p> <p><b>Counter Theft Fraud and Corruption – A Director asked if Bishop Fleming have agreed with the reference to the auditor in this policy.</b> This will be checked with their letter of engagement.</p>	<p><b>J LUMBARD</b></p> <p><b>J LUMBARD</b></p>