



# Truro and Penwith Academy Trust

## FINANCE, EMPLOYMENT AND AUDIT COMMITTEE

**Minutes** of the Finance, Employment and Audit Committee held on 27 June 2017 at Truro College.

**Directors:** Mrs S Dickinson, Dr J Blunden (Chief Executive), Prof A Livingston (left after item 17/23), Mrs E Winser and Mr P Wroe (Chair)

**Also Present:** Mr K Hall (Chair, St Just – for item 17/16.02 & 16.03), Mrs J Larter (Headteacher, St Just – for item 17/16.02 & 16.03), Mr R Larter (Headteacher, Pendeen – for item 17/16.02 & 16.03) and Mrs A Winter (Company Secretary)

**Apologies:** Ms S Roby  
Also, Mrs J Brinson (Business Manager)

Item	Decision	Action
17/15	<b>Minutes</b> The minutes of the meeting held on 7 February 2017 were <b>APPROVED</b> and signed as a correct record.	
17/16	<b>Matters Arising</b> The Committee noted that all actions had been taken forward as agreed and that: <b>16.01 Business Continuity Plans (Minute 17/03.01)</b> Confirmation that Kennall Vale School had a Business Continuity Plan in place was still awaited. <b>16.02 Financial Report 2015/16 (Minute 17/03.03)</b> Criteria and procedures for supporting schools with buildings maintenance and capital projects in 2017/18 would be prepared once details of the Condition Improvement Fund (CIF) allocation were published by the EFA. A CIF bid to repair/upgrade toilets at Pendeen had been successful and arrangements were in hand to undertake the work during the summer. A much larger bid for damp remedial work at Pendeen had been rejected and an appeal had been submitted - the outcome of the appeal was expected by the end of the summer term. If the appeal was unsuccessful, further consideration would then be given to alternative options, such as phasing the work.	  JB to check with Kennall Vale  JB & Business Manager to develop framework

	<p><b>16.03 Management Accounts (Minute 17/04)</b>  Following the Committee's request, St Ives, St Just and Threemilestone schools had provided further information about their budget deficit in 2016/17 and financial plans for the next 2/3years. The responses had been reviewed by the Committee Chair and in each case, whilst some challenges remained, there was satisfactory assurance that each school was focussed on improving its financial position. The schools were thanked for their reports which had helped the Committee to fully understand the context.</p> <p>During discussion, the Chair and Headteacher for St Just provided additional background information and explained that careful budget management had enabled the local governing body (LGB) to build up reserves to cope with an anticipated dip in funding due to a small cohort (of 16 pupils) moving through the school. Pupil numbers were expected to rise again in September 2017 (with an intake of 27). Also, there had been some unexpected expenditure in 2016/17 due to staff parental/maternity leave, higher Teacher Absence Insurance and ICT licencing costs.</p> <p>The LGB Chair also raised concerns about the late timing of communications relating to a proposed increase in the central contribution, the impact on budgets and implications for schools which were duly noted.</p>	<p>JB to convey thanks to schools [completed]</p>
<p>17/17</p>	<p><b>Management Accounts 2016/17 and Cashflow Projections</b></p> <p>The management accounts for the first nine months of the 2016/17 financial year in relation to each school, the MAT central activities and position for the whole Trust were received and noted by the Committee. The current operating position and any specific factors or unexpected variations affecting the budget were reviewed.</p> <p>Members noted that recent actions by LGBs (such as a restructuring of the nursery at St Dennis) had resulted in an improved position for almost all schools. The Committee noted that cashflow for 2016/17 remained positive at this stage.</p> <p>During discussion the Committee debated the appropriate level of funding to be kept in reserve by schools and by the Trust as well as the potential use of reserves to meet Trust priorities and to respond to unexpected demands or reductions in income. It was <b>AGREED</b> that a Reserves Policy should be drafted.</p> <p>The proposed budgets for the rest of 2016/17 for three new schools (Pensans, Alverton and Newlyn) which had joined TPAT on 1 June 2017 were also reviewed and the Committee agreed to <b>RECOMMEND</b> approval by the Board.</p> <p>The Business Manager's team was thanked for the preparation of the Management Accounts and budgets.</p>	<p>JB and Business Manager to draft Reserves Policy</p> <p>Recommendation for the Board</p>

<p><b>17/18</b></p>	<p><b>Proposed Increase to Central Contribution</b></p> <p>The Committee received a paper summarising the central services provided to schools for the 3.5% topslice and rationale for a proposed increase.</p> <p>During discussion members considered:</p> <ul style="list-style-type: none"> <li>• the growth of the Trust and increasing pressures on the central team to meet the needs of 17 schools</li> <li>• feedback from discussions with headteachers and LGB Chairs during the spring about the review of central services and central finances</li> <li>• the end of the one-off building capacity grant in 2016/17 to fund specific school improvement support</li> <li>• national and regional expectations expressed by the National Schools Commissioner and Headteacher Board about the minimum contribution to maintain quality and standards</li> <li>• the additional need for central procurement capacity and Health and Safety oversight</li> <li>• the roles of the Hub Leads and level of headteacher support and school improvement input</li> <li>• the topslice charged by other MATS – typically 5% or more</li> <li>• the impact of an increased central contribution on school budgets</li> <li>• the potential range and level of additional services to be provided for the higher contribution</li> <li>• the importance of delivering comprehensive and effective central support.</li> </ul> <p>Following discussion, and taking into account the views and concerns of LGBs, in order to provide sustainable and effective central services, the Committee <b>RECOMMENDED</b> to the Board a phased increase in the central contribution of 0.5% in 2017/18 and a further 0.5% in 2018/19. Also, the Committee <b>AGREED</b> to review the level of central contribution in November 2020.</p>	<p>Recommendation to Board</p> <p>AW for cycle of business</p>
<p><b>17/19</b></p>	<p><b>Proposed Budget for 2017/18</b></p> <p>The Committee received the proposed budget for 2017/18 which included the seventeen schools for which funding statements had been received and a provisional budget for Sennen School (which was due to join TPAT on 1 September 2017).</p> <p>Members noted that there would be a reduction in ESFA funding due to changes in the funding formula and other factors such as expected pay awards had been incorporated into the figures. Many schools proposed budgets with a deficit or a low surplus, every school proposed a budget which had positive reserves to carry forward at the end of 2017/18. Each LGB had reviewed and approved their school budget.</p> <p>It was noted that due to the timing of transfer and actuarial valuation of the Local Government Pension Scheme deficit for the three new schools (Pensans, Alverton and Newlyn), the higher pension deficit contribution would be ring-fenced in relation to those particular schools.</p>	

	Following consideration, the Committee <b>RECOMMENDED</b> approval of the proposed budget for 2017/18 by the Board, based on a central contribution of 4%.	Recommendation to Board
<b>17/20</b>	<p><b>Review of Teachers' Pay for 2017/18</b></p> <p>The Chief Executive reported that recommendations from the national School Teachers' Review Body on pay and conditions for 2017/18 had been delayed by the election purdah. Publication was likely in August. The expectation was that any award would be limited to 1% in line with Government policy for public sector pay and an allowance for this had been made within the budget.</p>	
<b>17/21</b>	<p><b>Potential Sponsored School</b></p> <p>This confidential item is separately minuted.</p>	
<b>17/22</b>	<p><b>HR and Staff Development Update</b></p> <p>The Chief Executive presented a confidential report setting out changes to school leadership in 2016/17 and progress with the support staff pay review consultation process. The report also included a data dashboard summarising recruitment, absence, disciplinary and other key factors for each school during 2017 as well as planned staff development activities.</p> <p>Trustees discussed and noted the various developments and activities with interest. The Committee acknowledged that covering for absences whilst employees were undertaking training was often an issue for schools and ways to access funding to backfill posts would continue to be sought.</p> <p>The Committee also considered a draft Leave of Absence Policy and <b>RECOMMENDED</b> approval of the proposed policy, subject to the re-wording of 6.1 and 6.2 (to clarify that any absence required prior agreement and that in addition to financial implications, the practical implications of time off would also be taken into account).</p>	<p>Recommendation to Board</p> <p>JB to amend wording as discussed</p>
<b>17/23</b>	<p><b>Health and Safety Annual Report 2016/17</b></p> <p>The Committee received the Health and Safety Report summarising the main activities during the year which included due diligence for potential schools seeking to join TPAT, audits of existing schools and the provision of advice and training to enable schools to effectively manage risks and comply with requirements. The report also listed key achievements such as the development of a Trust-wide Health and Safety Policy and implementation of the Smartsafe risk management and compliance tracking system for 2017/18.</p> <p>The Committee noted the report and recognised the issues identified in relation to the growth of the Trust and extent of the work. Additional resources were being dedicated by the Executive to Health and Safety provision and to address the issues raised in the report.</p>	

17/24	<p><b>Authorisation of Contracts</b></p> <p><b>24.01 Catering Contract</b></p> <p>The Committee <b>NOTED</b> that a tendering process for the provision of school meals had been undertaken by Litmus Partnership on behalf of 45 Cornish schools, although St Just school withdrew from the tender process.</p> <p>After a detailed evaluation of tenders, Caterlink had emerged as the preferred tenderer and in accordance with Financial Procedures the appointment of Caterlink from 1 August 2017 for Pendeen, Perranporth, St Erth, and Sennen had been approved by the Finance Director.</p> <p>Following consideration, the Committee <b>AGREED</b> to the central management of the Return/Subsidy for the catering contract with schools paying for the number of meals received, and the balance of the return to be distributed to schools in the contract eligible for a Return.</p> <p><b>24.02 St Dennis Condition Improvement Funding (CIF)</b></p> <p>The Committee noted that St Dennis School had been awarded CIF for window replacement totalling £131,145. Following a tendering process managed by Kendall Kingscott, A D Williams Building Contractors had emerged as the preferred tenderer. Given the time constraints, the Finance Director had approved the contract award in the sum of £87,248 to A D Williams. The Committee <b>AUTHORISED</b> this decision.</p> <p><b>24.03 Pendeen Condition Improvement Funding (CIF)</b></p> <p>The Committee noted that Pendeen School had been awarded CIF for toilet re-modelling and roofing works totalling £133,118. Kendall Kingscott were undertaking a tendering process with a deadline of 28 June.</p>	
17/25	<p><b>Internal Audits 2016/17 and Audit Plan 2017/18</b></p> <p>The Committee received the reports of the termly internal audits completed in February 2017 and June 2017 to review the key financial controls with regard to payroll and payments.</p> <p>The Committee <b>NOTED</b> that in each case the auditor had concluded that there was a good separation of duties which, alongside the Financial Procedures, gave a sound base for payroll and for payments at TPAT. No improvements had been recommended by the auditor following the reviews, for which the Committee noted their thanks to the Business Manager and team.</p> <p>The Committee reviewed the internal audit plan for 2017/18 setting out the programme of work and checks to be completed.</p> <p>Following consideration, the Committee <b>APPROVED</b> the proposed plan for 2017/8.</p>	

17/26	<p><b>Annual Review of Appointment of Auditors</b></p> <p>The Committee received a confidential report on the performance of the internal audit service and external auditor during 2016/17. Both audit firms had performed satisfactorily and the Committee <b>RECOMMENDED</b> the continued appointment of TIAA Ltd and Robinson Reed Layton for 2017/18.</p>	Recommendation for Board
17/27	<p><b>Date of Next Meeting</b></p> <p>A new governance structure would be trialled in 2017/18 and the Finance, Employment and Audit Committee was therefore being disbanded. Responsibilities would revert to the full Board.</p>	ALL to note