

25/05/17

Minutes

Finance and Strategic Development Committee Summer 2017 Wednesday 24th May 2017 at 9.30am at ADMAT Central Office

Note that actions are highlighted in bold and red, and will be carried forward to the next meeting and questions or challenges during the meeting are highlighted in bold and blue

1. **Welcome and Apologies**

Present: Paul O'Brien, Graeme Barriball, Bex Couch, Eoin Gillespie, Emma Gilbert, Will Hermon, Jo Callow

Apologies: Sally Cooksey, Paul Smith

In Attendance: Clerk, Margaret Basford (Business Manager)

Initially, P O'B chaired the meeting in the absence of PS, and welcomed everyone including Emma Gilbert who was new to the committee from WHA LGAB. EG refers to Eoin Gillespie and EGT refers to Emma Gilbert.

2. **Declarations of Interest/Pecuniary Interests Relevant to this Agenda**

None other than WH, JC and MB are employees of ADMAT. EG spouse is employee of ADMAT.

3. **Confirm Minutes of Previous FSD Autumn (8th February 2017) and Matters Arising**

- Confirmation of whether LGAB committee member can be the Vice-Chair. WH/Clerk. *In accordance with article 101 the Directors can determine the constitution, membership and proceedings and the membership of a committee can include persons who are not Directors. There is no mention of Vice-Chair appointment, so it is assumed that if a non-Director can be a member, they can be vice-chair if the Directors of the committee vote them in. EG was content to be the vice-chair and the Directors all voted in favour of this.*

As Vice-Chair, EG chaired the meeting from hereon in.

- Limits for Virements, Journals and Cross-Charging need to be written into the policies. WH/MB. *See item 12.*

The committee agreed the previous minutes and the Chair signed a copy.

4. **Confidential Agenda Items**

None

5. **Review MAT Website Compliance with regard to Finance Statutory Requirements**

The following is required on the MAT website – Annual Accounts, Articles of Association, Pecuniary Interests, Master Funding Agreement, Name and Company Number of MAT, Address and Telephone Number of MATs Registered Office, name of CEO (Exec Head). The Clerk has made relevant changes, updates and additions – the website is compliant. WH stated that the Supplementary Funding Agreements for each school are also being added to the ADMAT website.

6. **Update Academy Self Evaluation Priorities in Relation to FSD**

WH talked through the MAT Improvement Plan and how it is related to the 9 characteristics of a successful MAT. He explained the priorities and that a Director will need to take a lead on each one. There are no planned costs as the infrastructure and systems are in place. **EG challenged WH to talk through one of the priorities and how the KPIs are formulated as an example to assist the Director's understanding.** WH explained. **EG challenged that some KPIs seem a little more 'woolly' than others** but WH explained how the evidence would be gathered for these. **EG challenged whether any of this evidence gathering is for external inspections such as OFSTED or for internal audit purposes?** WH explained that it is mostly for internal audit but results must be measured against national figures, and this end of year achievement evidence is available to the public. The Directors were content.

7. **Review Academies Risk Register**

The 'risks' to the MAT should drive every decision made with regard to the improvement plan and running the MAT. WH talked through a presentation on the risks.

WH identified the key risk – ensuring all children reach the required standard across all schools and then showed some figures with which the Directors can benchmark. **GB challenged the figures at NP.** WH explained the low pupil numbers and the impact individual pupil needs e.g. SEND can have on achievement outcomes for small cohorts. **EG challenged the difference between floor targets and national average benchmarks.** WH explained the DfE floor target (KS2) is the lowest achievement level that must be achieved but national average benchmarks from the previous year are used against actual results.

EG challenged whether the MAT average was weighted against the number of pupils ie 100% at NP on a certain figure reflects one pupil but this skews the MAT average figure. WH confirmed that allowing for pupil numbers in the overall figures is the next piece of work on this. Directors discussed the use of resources against the number of children involved; what makes educational sense isn't always good business sense.

EG challenged how the school combined scores related to the individual subject standards, and how the judgement is made on where to invest money? WH explained that there will be internal benchmarks that the MAT will use for all its schools.

Action: Internal benchmarks for next meeting. WH

WH talked through the evidence of impact compared to last year and national averages.

The second risk involves changes to political and educational landscape, and the influence on the MAT. **EGT challenged whether changes to the local primary school availability would have an impact on MAT schools.** WH stated that that this may well have an impact but hopefully not in the short term.

EG challenged whether 75-80% staff costs is just teachers costs? WH confirmed it is every staff including support staff, cleaners etc. WH talked through the KPIs with regard to the budget and showed the Directors a one page Financial Data Dashboard that shows the budget against KPIs. The Directors discussed the reserve holdings and whether it should be held as individual reserves for each school or a central pot that can be managed centrally and spent where it is needed. GB proposed that a decision is made to make it a central pot. **EG challenged that there needs to be a formal process for schools to access the funds if required. EGT challenged that schools should not start to lose things that they have always had because they no longer have their own pot. EG challenged about capital projects and how these will be partially funded as they are now.** WH confirmed money from the pot would still be allocated to such projects. The Directors agreed in principle to the central pot. Protocols will be developed and GB volunteered to assist.

Action: Proposal and protocols for the central reserve pot to the next FSD (and then on to the full Board for ratification). GB/WH

EGT challenged about including staff absences into the KPI document as this can have a significant impact on funds. Finally, WH highlighted the risk of being viable as a MAT due to pupil numbers.

WH notified the Directors of the intent to extend the age range at SC nursery to include 2 year olds. The Directors approved. WH talked through the MAT predicted reception intake. Directors discussed other potential schools against pupil numbers.

8. **Receive and Scrutinise Draft Annual Budgets and Forecasts**

WH asked Directors for direction on KPIs so that he and MB can set the individual school draft budgets for 2017/18. The following was agreed:

- Staff costs (all staff) should be maximum 75% for 3 larger schools and 80% for remainder.
- Central costs should be maximum 5% slice across all schools.
- Annual allocation of 2.5% to the reserve agreed but **EG did challenge WH and MB for a projection of figures for a 2.5% contribution versus expenditure to see if the pot reaches the value of 2 month salary costs.**

Draft budget will be sent to FSD committee by email by 9 June for questions/approval. The Directors are requested to send responses to the Clerk by 14 June so this can be collated and responses to questions can be provided. It will then be taken to the full Board on 21 June 17 for approval.

9. **Approve Recommendations to BoD for further expenditures/bids for Capital Funding Projects**

SSCA had a new roof last year. A bid for the second half of the roof has been applied for and funding received. Horsa hut bid (WHA) didn't meet the criteria by 1%. Project managers have been consulted to conduct some tests and work to strengthen the case. An appeal has also been submitted. A bid for Wer damp walls was unsuccessful but will be resubmitted. WH stated that success on bids may also be linked to size of reserves, and this needs to be factored in when considering the size of the reserve pot.

10. **Review in Year Budget Monitoring**

MB informed Directors that the old finance system is being tidied up prior to moving to the new system. MB talked through the 2016/17 Financial Statement and explained variance

figures to the Directors. The ARB is running within budget. She highlighted some building maintenance and H&S issues that needed to be funded across all schools, some NP additional staffing costs, solicitor's costs for SC conversion, SSCA additional staff costs, mini bus costs, staff absences, fencing and other work that wasn't anticipated which have impacted negatively on in year budget amounts at individual schools. **PO'B challenged whether the IT/internet issues has been resolved at NP?** This is still an issue. Only one large virement has been approved by the Directors previously. There were no expenditures over the CEO's delegation.

11. Review Tendering and signing of Contracts

WH talked through 2 contracts from Chartwells and Norse, and the process that happened. He explained the difference in the contracts and the Directors discussed at length. **EGT challenged how the costs would be affected if the free school meals is ended?** WH confirmed that they will be affected but there are always fixed costs regardless of this. **EG challenged the figures and some discrepancies.** The Directors agreed that Chartwells should be used.

WH highlighted a list of SLAs. Launceston College is no longer providing the property compliance service and the ADMAT is now looking to do this. Bishop Fleming will be used as auditors again. WH highlighted that Browne Jacobson has been used for legal and HR advice but has been found wanting on the latter. The Directors agreed that WH could look at other providers of HR and if necessary, legal (if they come as a package deal).

12. Review MAT Financial Scheme of Delegation

MB discussed the current limits for expenditure and virements, and that the current limits are too low.

For virements, the Directors agreed that the CEO/EHT limit can increase from £5K to £10K. Anything over £10K will go to FSD/full Board. **EG challenged how often this happens and that there is an imperative to get some efficiencies with this expenditure.** The Directors agreed and WH explained.

For orders, single orders for each school is £5K or below for CEO/EHT which is fine sometimes but where there is a purchase in bulk across the MAT in order to save money, this figure doesn't allow for that. The Directors agreed to increase to £5K and the signatories will be the Finance Director and WH or JC. Orders for individual HoS at £2.5K will remain the same.

13. Review Business Disaster/Recovery/Continuity Plans

Following critical incident – see item 15a.

14. Review Skills and Training

WH highlighted the finance training. He asked the Directors to let the Clerk know if there is any specific element of finance that they would like to know about and WH will arrange specific training for them. EG suggested that training in the new budget format would be beneficial.

15. Policy Review

- a. Critical Incident – approved.
- b. Financial Scheme of Delegation – approved.
- c. Gifts and Hospitality – approved.

- d. Staff Expenses and Purchasing – approved noting that the mileage claim should be changed from 29p per mile to 45p per mile as agreed previously.
- e. Investment – approved.

16. **DONM**

Date of next meeting in the Autumn Term 2017 is 18 Oct 17 at 9.30am at ADMAT central office.

Meeting closed at 12 noon.

TJH Martin

Clerk to Board of Directors

Distribution List:

W.Hermon – CEO Director P. O'Brien – Chair of Board of Directors P. Smith– Director/LGAB G. Barriball – Director	S. Cooksey – Director/LGAB B. Couch - Director M. Basford – Trust Business Manager E. Gillespie – LGAB E. Gilbert - LGAB
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