

Resources Committee – Part I Minutes							
Date/Time	21:11:18 4.00pm	Location		Okehampton College			
Attendees	Initials			Attendees	Initials		
Daryll Chapman	DC	Ian Courtney	IC	Philip Sanders	PS		

Apologies	Initials	Reason (Category of Trustee)
Lee Rose	LR	Unspecified

ACTIONS
DECISIONS
QUESTIONS AND CHALLENGES

In Attendance	Initials	
Susanne Kiff	SK	Chief Financial Officer
Hazel Fox	HF	Vice CEO
Sally Wood	SW	Governance Manager

Minutes to
Attendees
Apologies

14 - Apologies
<ul style="list-style-type: none"> No apologies had been received, however LR did not attend the meeting. The meeting was not quorate and any decisions required were referred to Full Trustees.

15 – Declaration of Interest
<ul style="list-style-type: none"> All Trustees were reminded to declare any conflict of interest that may arise during the meeting.

16 – Agree & Sign Off Previous Minutes
<ul style="list-style-type: none"> The minutes of the Resources Committee meeting held on 10:10:18 were agreed and signed by IC.

17 – Matters Arising

- DC updated Trustees that Devon Education Forum (DEF) had met and there had been a unanimous vote against the proposed transfer of funding from the schools block to the high needs block.

18 – Matters Brought Forward at the Direction of the Chair

- IC updated Trustees that three potential Trustees had been interviewed earlier today and a proposal had been sent to Members for the preferred candidate for approval.

19 – Budgets**19.1 Budget reports / MAT End of year position**

- Trustees noted the format of the documents produced and were advised this would be the same format that the LGBs would receive.
- SK took Trustees through the layout of the reports. It was highlighted the first column was the actual spend to date against the budget. Then the original budget was shown, the revised budget and finally the change in budget.
- Trustees noted that to comply with the Academies Financial Handbook, IC would be provided with accounting reports on a monthly basis. These would also be shared with LGBs and Heads.
- Trustees noted the data currently showed two months worth until the end of October.
- Trustees reviewed the expected spend as a percentage, the actual spend, the budget to date and then the variance and the percentage of spend. Any changes to budgets would appear on the right hand side with explanatory notes.
- Trustees noted that the difference for LGBs would be the reports were on a nominal code basis, not cost centres like they have previously received.
- SK advised that the percentages would be RAG rated going forward with another document produced to summarise why figures would be red so LGBs could focus on areas of concern.
- Feedback so far from Central Hub, Holsworthy Cluster and Okehampton Primary LGBs were that they liked the format, but training was needed for LGBs to know what they really needed to look at.

Trustees asked if the percentage spent was adjusted for quarterly commitments like utilities

SK responded the system enabled spends to be specified as quarterly if required

Trustees asked for clarification that this data was only revenue at this time

SK responded yes, capital would be added in future months

Trustees asked if capital would show as committed and spent

SK responded that the forecast would be a different document and that would show commitment. Any forecast at this stage would show everything as spent.

Trustees challenged that if the last column showed change, then they would need to question if that was approved change

SK responded the next section would cover that

- Trustees looked at the carry forward and again the importance of LGB training was highlighted.

Trustees queried that Tavistock had not had financial data at the last meeting

SK responded that the 12th monthly is the cut-off date after which the data is produced. Tavistock didn't receive these as the meeting dates didn't take place during the same week as the rest of the Trust and the data would not have been ready in time.

- Trustees noted that the final carry forward position replicated the figures in the annual accounts. The summary shows the difference with the carry forward position that had been projected. Red was a change for the worse and this was the case at Boasley Cross, Chagford, Northlew and Tavistock.
- Trustees noted that the three-year budget summary had the actual carry forward position in, updated income and expenditure and these had been projected forward for three years.
- Trustees discussed that they were projecting to use some of the Trust reserves, but not all and were in fact projecting a reasonably healthy position in a few years. Five schools were currently in deficit.
- SK highlighted that Tavistock was a concern and when projected forward to five years, the overall deficit was not being impacted on at all.

Trustees asked what assumptions SK was making with that statement

SK advised it was an accurate as she could make it

- Trustees noted Tavistock needed to address their in year position, but they did have lagged funding. Trustees acknowledged Sarah Jones' point that the budget had changed a lot.
- SK advised that all budgets had been updated. She had gone through all budgets and met with Heads and taken them right back going through everything, checking budgets in as much detail as she could. SK had reviewed high needs funding, pensions, ringfenced salaries, changes to pupil numbers. SK added that by doing that and comparing the June budget to now, a number of Schools had increased expenditure. In the Financial Scheme of Delegation, if schools are increasing their budget outside of the envelope they would need to seek Trustee approval which hadn't been done. Trustees agreed that people were not referring to the Financial Scheme of Delegation as much as they should be doing.
- Trustees noted there were 29 changes to Tavistock's budget that were significant. Income was up by £118k and expenditure was up by £284k
- PS highlighted two issues that the LGB had identified which was sports centre funding going in and out of the budget which had not been picked up and the percentage staying on for the 6th form had remained the same and not been altered.
- The meeting moved to Part II

Trustees asked SK what the level of confidence was with the current budgets

SK responded that with the exception of Tavistock, she had approved them all. Trustees should in future receive a summary of requests if Schools want to amend their budget beyond limits set out in the Scheme of Delegation. The

minutes of this meeting need to reflect if Trustees accepted / didn't accept the approval of these management accounting reports.

Trustees queried that the documents showed that there were 9 schools with an in year deficit, with Tavistock being the biggest and most of the others with a modest in year deficit

SK responded that was the net effect of income and expenditure and it showed increases to the budgets

Trustees queried R53 which showed an in year deficit increasing

SK responded this was not an in year deficit, it showed that actual expenditure had increased from what Trustees had approved. Document R51 showed the in year position.

- Trustees noted that document R52 showed expenditure was slightly altered because of protected carry forwards from 17/18
- Trustees acknowledged that budgets had changed centrally and Heads hadn't necessarily approved these changes, but in future there is a process for changing budgets that Heads would need to follow.

Trustees queried the Trust position on overspend situations

DC responded there would not be GAG pooling, but other strategies were being looked at on a cluster basis. The meeting with Sarah Jones to look at the budget in detail needed to take place.

Trustees asked of the options for the £75k post 16 bursary at Tavistock

DC responded it appeared there were different criteria set at the secondary schools for that which could be looked at. SK advised it would appear on the balance sheet as a creditor but the Trust can take 5% for each year as an administration cost and this can be backdated. If not spent, these funds would have to be paid back to the ESFA.

- Trustees noted the current worsening picture for Tavistock and there was work that needed to be done there.
- Trustees acknowledged there was lots of activity and focus on the financial numbers with areas of concern receiving close investigation.
- Trustees also acknowledged that many schools predicting in year deficits have improved.
- Trustees discussed the difference between financial and educational viability and the balance needed between those two, as well as taking into account reputational risks.
- Trustees reflected the Trust had enabled the education experience in those schools better than would be the case if they were not part of the Trust.
- Trustees present agreed with the management reports presented with Tavistock accepted with a provision that an update report would be needed at the next meeting.

19.2 Response from MAT Schools re budgets

- Trustees noted the responses from the schools regarding budgets and were pleased to see schools taking responsibility for those.
- Trustees acknowledged that budgets had changed since some of the responses had been sent.
- Trustees were advised that some LGBs had not been copied in on the responses, however this was a learning opportunity for them. SK advised that on both occasions she had written to Heads and copied Chairs of LGBs in to those.
- Trustees were advised that Heads were trying to own their budgets more and have the necessary conversations.

19.3 Highampton Budget 2018 / 2019

- Trustees noted that Highampton needed to have an agreed budget submitted to the ESFA by 10:12:18.

- Trustees were advised that the proposed budget didn't yet include the final carry forward figure from Devon County Council. This was anticipated to be around £70k.

Trustees asked if there would be capital included in the £70k

SK replied yes

- Trustees present approved the budget, however the meeting was not quorate and budgets need to be approved by Full Trustees. SW to circulate budget to all Trustees for approval

19.4 Review Reserves

- Trustees noted there was currently £2million in reserves which had produced £14k interest so far

Trustees asked what that interest was allocated to

SK responded it was currently cash in the bank

- Trustees noted the £14k was predicted and would be the results of three lots of £500k being invested.
- Trustees discussed how that money could be allocated and were keen for it to be used on school improvement with potentially schools being able to bid for it for school improvement initiatives.

Trustees asked what happened in November to produce a spike in cash outflow

SK responded that £1million was put into the money market.

Trustees asked what interest the bank accounts produced

SK responded it was minimal.

19.5 Update from CFO

- Trustees noted the KPIs dashboards that had been circulated and were advised that all LGBs will receive one of these. Trustees were advised to note this was only two months worth of data at present, but over time, it will be clear how much the schools are spending.
- Trustees acknowledged that LGBs could use this as a tool to ask questions. Initial feedback had suggested that a context sheet would be useful.

Trustees asked what the average referred to

SK responded this was the average of all the schools in the Trust

Trustees asked if KPIs were available external to the Trust

SK responded not at this stage, that usually happens once a year. The ESFA recommend that benchmarking took place internally and externally.

- SK advised Trustees that she had asked Linda Coe to produce a report regarding Tavistock's fire alarm.
- SK advised Trustees that the system is obsolete, but it is still compliant in terms of having an actual system in place. The estimated cost to replace it was £210k however this was a NPS quote and highly likely to be overstated. Trustees agreed that other quotes should be sought.
- SK advised that conversations needed to take place with Tavistock as to how this should be funded.
- Trustees briefly discussed there was an option for Tavistock to have support with a site development plan free of charge if they wished to do that.

- SK stated that as a result of the report, she was less concerned about the fire alarm system, but it did need to be considered.
- Trustees noted there was an expectation from Tavistock that the Trust would produce the money for this system replacement.
- Trustees also discussed the lack of a lockdown policy at Tavistock realising it would be a high impact, low probability situation. Other Trust Schools have a policy for this without using a fire alarm. **DC to feedback the decision and need for a policy back to Tavistock.**
- SK advised Trustees that they could be reassured that over the summer, finance systems and processes seem to have stabilised. The challenge was still there if staff were needed to go and support other schools
- Trustees agreed that **IC would write, on behalf of Trustees to thank the Finance team for all their hard work during a difficult year**

Action:

- SW to circulate Highampton budget to all Trustees for approval**
- DC to feedback the fire alarm decision and need for a lockdown policy back to Tavistock**
- IC to write to thank the Finance team for all their hard work during a difficult year**

20 – Policies

20.1 Pay Policy

- DC updated that the policy had been reviewed through the Heads group as schools have all previously used Devon’s policy but chosen different options within the policy. Comments from Heads had been taken into account producing draft 2 of the policy, which Trustees now had to review
- Trustees noted there were still some leadership points to put on the appendices, but this would not affect the body of the Pay Policy.
- DC advised Trustees he was intending to take the Policy to the JCC meeting the following week. There had been some feedback from local union representatives regarding UPS and the expected sustained and substantial cross-school contribution required.
- Trustees briefly discussed a potential template pay determination letter to be issued annually to each member of staff from the LGB with the pay decision included.
- **Trustees agreed to recommend the Pay Policy as it was to Full Trustees for approval**

20.2 Finance Policy / Reserves Policy

- Trustees noted the proposed change to 125 years of useful life in terms of depreciation.
- Trustees reviewed the reserves policy following the Auditors feedback. It was identified that this was an error in the Audit report and the reserves policy did not need amending. **SK to ensure the comments are altered in the key issues discussion document**
- **Trustees agreed to recommend the Finance Policy as it was to Full Trustees for approval**

Action:

- SW to agenda the Pay Policy and Finance Policy for Full Trustees**
- SK to ensure the Auditors comments are altered in the key issues discussion document regarding the reserves policy**

21 – Allocation of Capital Funding

- Trustees reviewed the proposal which IC had produced, acknowledging this approach was sensible and similar to what had taken place previously, but with potentially more control being given.
- Trustees were advised that condition surveys needed to take place so a good understanding of the current situation was known.

Trustees queried when the amount of SCA would be known

SK responded May or June and this would be received in July.

- Trustees present were in agreement with the proposal. SW to agenda for Full Trustees.

Action: SW to agenda the SCA proposal for Full Trustees

22– LGB Minutes

- Trustees reviewed the LGB minutes and noted content.
- SW to reiterate to LGB Clerks that a section for risk should be included at the end of each meeting.

Action: SW to advise LGB Clerks of the need to include a section highlighting risk to be included at the end of every meeting.

23 - Risks Identified / Forthcoming Changes

- Trustees noted the following risks

Accuracy of budgets

Service provision from Michelmores

Lack of lockdown procedure at Tavistock College

Financial training needed for LGBs / Trustees. LGB / Trustees conference to take place in the new year

- Trustees noted there was an initial review of Governance on 13:12:18 with a view to a full external review of Governance taking place in 2019. Trustees discussed that review including LGBs.

Action: SW to arrange date for finance training for LGBs / Trustees and LGB / Trustees conference in early 2019.
SK to add risks to the risk register

24 – Meeting Review

- PS fed back the meeting review. It was noted the meeting had not been quorate and Trustees discussed the possibility of having an additional Trustee at each meeting.

25 – Date of next meeting

- Okehampton College – Wednesday 30 January 2019 – 4.00pm

Action Table from 21:11:2018

WHO	WHAT	WHEN
SK	Produce a shadow budget with the National Funding Formula figures in	Jan 2019
SW	Circulate Highampton budget to all Trustees for approval	DONE
DC	Feedback the fire alarm decision and need for a lockdown policy back to Tavistock.	30:11:18
IC	Write to thank the Finance team for all their hard work during a difficult year	06:12:18
SW	Agenda the Pay Policy and Finance Policy for Full Trustees	DONE
SK	Ensure the Auditors comments are altered in the key issues discussion document regarding the reserves policy	ASAP
SW	Agenda the SCA proposal for Full Trustees	DONE
SW	Advise LGB Clerks of the need to include a section highlighting risk to be included at the end of every meeting.	DONE
SW	Arrange date for finance training for LGBs / Trustees and LGB / Trustees conference in early 2019.	06:12:18
SK	To add risks to the risk register	DONE