



Diocese of Chelmsford Vine Schools Trust

(Company No 8709542)

Finance and Audit Committee Meeting Minutes

Date and Time:	Friday, 25th November, 2016 at 10.00am
Venue:	Chelmsford Diocesan Offices
Membership:	
(CH) Caroline Haynes*	Director, Committee Chair
(BL) Bryan Lester+	Director, Company Secretary, Finance Director
(PP) Philip Preston*	Director, Trust Chair
In attendance:	
(JCr) John Crane*	CEO
(BI) Brendon Ince*	Chief Financial Officer (CFO)
Jill Haines*	Clerk

* indicates attendance + indicates absence

BUL Bulphan CE Primary School, Bulphan
GRE Great Clacton CE Junior School, Clacton
HOW Howbridge CE Junior School, Witham
JCO St James CE Primary School, Colchester
LAT Latchingdon CE Primary School, Latchingdon
MBG St Margaret's, Bowers Gifford
MIS Mistley Norman CE Primary School,
Manningtree
ROL Rolph CE Primary School, Thorpe le Soken
SAA St Andrews CE Primary School, Weeley
SJH St James CE Primary School, Harlow
SMI Southminster CE Primary School
STC St Cedd's CE Primary School, Bradwell

44/16 **WELCOME AND PRAYER**

Everyone was welcomed to the meeting with a prayer for guidance for the business in hand.

45/16 **APOLOGIES FOR ABSENCE**

Apologies were received and accepted from Bryan Lester. **The meeting was not quorate.**

46/16 **NOTIFICATION OF ANY OTHER BUSINESS**

There was some discussion about a timely message for Vine SLs, from the RSC, that there is a clear and strong expectation that school finances and outcomes for children will be an integral part of EFA scrutiny this year and will include financial compliance, risk management and demonstration of future viability with evidence of flexibility.

The Vine has been congratulated for its development so far; however, the Trust needs to grow steadily and continue to provide a good service to all its stakeholders. A meeting is planned (10.1.17) to inform Headteachers of a positive, but realistic, key message about finance and the

importance of spending on outcomes for children (*see item 56/16ii*). This message will also be included in the Hub Development Proposal to ensure that it is conveyed to LGB Chairs.

47/16 **DECLARATION OF BUSINESS INTERESTS/CONFLICT OF PECUNIARY INTEREST**

After considered discussion for a CIF project a consultant is available and appropriate and known to BL in a social capacity. BL therefore seeks approval to use Michael Merrill from Barker Associates.

The proposal was discussed and it was agreed as a recommendation to the Board.

48/16 **MINUTES OF THE PREVIOUS MEETING**

The minutes of the Vine Trust meeting held on 25.11.16 were agreed and signed as a true record.

49/16 **MATTERS ARISING**

- i. *item 29/16*: BI reported that a meeting is planned (29.11.16) with Henry Moore Primary School and SJH regarding settlement of further invoices in addition to the costs that have already been submitted. BI informed the meeting that there is no intention to increase the agreed settlement as there had been a close investigation of the matter and it was agreed that there were failings on both sides; therefore, settlement must remain at 50/50 to minimised the Trusts exposure.
- ii. *item 41/16iii*: BI reported that the support from SBM Services was inadequate when the Trust was part of an EFA *sample group* in October.
- iii. *item 29/16v*: the planned conversion for the Trust to become *cashless* by 31.3.17 is currently on track.

50/16 **UPDATE FROM SUPPORT AND BUSINESS MANAGER including:**

Any significant budgetary/strategic issues for the Board to consider including the impact of reducing funding, identifying pressure and forward planning.

Bridging Advances

- GRE – £111,487.59 bridging advance was made from the Trust's working capital following non-receipt of EFA funding (Oct 16 repaid 1.11.16). **Directors asked if this experience demonstrates a wider risk issue from the EFA that could have a major impact on trading?** Yes, there is capacity for a wider risk issue; however, in this instance the mechanism was manageable.
- JCO – £64,000 bridging advance extended (21.10.16) to ensure seamless operations pending closure and transfer of funds from old school bank account.

Capacity and training

- SAA/ROL – Finance Officer recruited to replace SM (Central Team, wef January 2017).
- SJH – resignation of Finance Officer has resulted in interim financial support from the Central Team until January 2017.
- HOW – the impact of cashless provision is not yet realised due to capacity and office restructure. Concern has been expressed on more than one occasion regarding capacity (JCr, BI and PP); formal recommendations have now been made with compliance expectation from January 2017.
- PA to CEO – recruitment successful and effective January 2017.
- Trust Support Assistant (TSA) and Trust Supporting Officer (TSO) – positions are being re-advertised.
- The existing Trust Central Team has been under pressure to provide SJH cover and conversion support/training in addition to core roles. The Board will send a formal note of thanks to the CT for their support and commitment to the Trust during this time.
- Educare in Education, an online training package (Safeguarding, H&S, SEND, Hygiene training) has been set up for all schools.

Finance Policy review schedule

- Financial Regulations - a significant update is underway to provide a realistic model for the Trust based on a NASBM template.
- Finance Policy review – six policies will be circulated in January for electronic comment/approval.
- The review schedule does suggest a review should take place imminently. However, deferral until Spring 2017 would be more realistic going forward due to Summer and Autumn being the most demanding terms capacity wise. This proposal was agreed.

Due diligence procedures

- There had been a due diligence investigation at Bulphan CE Primary School and Directors asked for an update. BI reported that the Trust is aware that prior conflicts do exist and although there is plenty of data available it is not sufficiently detailed. Overall, there is a need for a fabric due diligence and the provision of a formal independent buildings survey. It was agreed that BI and BL will recommend an Assets Management Plan to develop the estate in accordance with the standards of conditioning, suitability and sufficiency. Educational and Financial due diligence procedures are now in place to compile information on schools wishing to convert. However, buildings are not included in the procedure, to any great degree and there is therefore, a reliance on typically old Asset Management Plans commissioned by ECC. Accordingly, BL & BI would like consideration to be given to the introduction of a formal/independent premises survey taking note of AMP's local knowledge and site visit as part of the academisation process (costs can be covered from the Conversion Grant). A number of external providers will be evaluated (BL & BI) if the Board is in agreement. The proposal was agreed.

Cashless System (School Money)

- All schools either have, or are on schedule, to have a cashless environment by the end of March 2017.

PS Financials

- An upgrade to V4 is complete.
- The migration to PSF Hosted was not uneventful. The core accounting package and migration of data was successful. However, difficulties with bespoke functionality and module configuration resulted in understandable levels of local frustration.
- The Vine and Sower database merge is now scheduled for January 2017 (originally October 2016) as a result of challenges experienced when moving into the cloud environment which took an unacceptable time to complete.

Branding – signage and lanyards

- A lengthy *best value* exercise was undertaken and lanyards have been ordered for arrival before Christmas (£5,985).
- Supplier commissioned signs and site visits are underway and ready for delivery in January 2017 (£11,000).

Central information/communication platform

- Sharepoint platform has been deployed to Central Team and SAA.

Support Staff role equity evaluation

- Due to capacity restrictions ECC HR could undertake the work required across all Trust schools for £2,750 which would provide consistency going forward and was agreed.

Risk Register Dashboard

- BI reported that there is clear evidence that Risk Registers are being reviewed periodically; however, it was noted that pre-populated low and very low risks on the template may not have been reviewed and revised effectively so that schools look no further than medium and high risks. BI advised that although a RR template is provided to all schools it is essential that monitoring must be effective across **all** categories of risk. The current framework should result in more diverse registers being seen for each school, as local issues and risks are identified and added, although this was only apparent in one school (LAT). Therefore, whilst technically compliant, there is significant scope for more effective procedures to be implemented.
- Initial evaluations of software solutions have been disappointing but further identification and research will be undertaken in the Spring Term.

Risk Register

- The Autumn review is outstanding but a working party will circulate a revised register before the end of term. **Directors asked for expanded information about LGB input to the Risk Register?** BI explained the decision making process at local level and the need for the Trust to monitor the LGB assessment of risk. Overall, schools are reviewing the Risk Register but there is a need to adopt a raised level of awareness to ensure better strategic planning. There was some discussion about how that might be achieved and it was agreed to raise expectation from the LGB to advise the changes that they make to the RR with a swift response from the Board to challenge the decisions taken.

RO Monitoring Report Dashboard

There is evidence that clear progress is being made in most areas although some areas still remain unresolved:

- Weaknesses still remain with charge card authorisation and control procedures that are not being adopted consistently across the group. It was proposed to undertake monitoring of the facilities in the Spring Term and if evidence was unsatisfactory then withdraw the facility to remove risk/exposure to the Trust.
- The effectiveness of electronic authorisation procedures have been impacted by some software issues but a local lack of commitment to adopt financial procedures in full, in preference to retaining the old manual process, is compounding a severe capacity issue with finance systems. There are still too many invoices arriving without orders on the system across all schools.
- Essentially a much clearer message needs to be communicated to facilitate a better understanding of the implications that can arise and the planned COO meeting with SLTs should be advantageous.

External Audit

- The general feedback following the external audit was good and it was observed that the Trust was better prepared for 15/16; progress has been made in most areas previously identified.
- Sower feedback is good and now complete.
- There were some Vine specific concerns surrounding compliance and training.
- Management letters will be circulated to all directors as soon as they are made available.

52/16 HEALTH & SAFETY PLAN

- Every Business Management** deployment is nearly complete, final training and configuration is underway and it is anticipated that summary reports will be generated from January 2017 identifying overdue/compliance issues grouped by school. Review and monitoring will be undertaken by the Trust Support Manager and TSA. The process has been time costly but, however, once fully operational, it is considered to be a good system to have in place. In the meantime the dashboard demonstrates *working towards* in some areas of compliance.

- ii. EduCare for Education includes a H&S in Education training programme and it was agreed that SLT, Site Manager/Caretaker and finance staff should complete this.

53/16 **COMPANY SECRETARY UPDATE AND REPORT to include any allegations of fraud/maladministration**

There was nothing to report.

54/16 **UPDATE ON CONVERSIONS**

- JCO – training is underway and the initial budget should be available (28.11.16) and BFR submitted to the EFA.
- MBG - training is underway and the initial budget should be available (28.11.16) and BFR submitted to the EFA.
- The HT Board gave approval for Bulphan to join the Vine on 1.2.17. Financial due diligence has been commissioned and preparatory contact made by the Vine Support Team.

55/16 **UPDATE ON GRANT APPLICATIONS** (Premises related) and **GRANT REQUESTS FROM ACADEMIES**

The CEO reported that the following grant requests had been made:

MIS	Purchase of Bibles	£ 335.31
	Purchase of Thesauri	£ 304.60
STC	To fund consultation visits for improvement	£1,650.00
STO	Maths resources and training	£3,600.00
	Spelling and handwriting resources	£ 268.35
	RE resources and training	£1,812.00
	Pearson resources	£3,591.65

The Directors considered that all the above requests were designed to improve the quality of teaching and learning pedagogy and were approved for recommendation to the Trust board.

The Directors asked if a purchase is approved for one school what is the current process for sharing recommendations? The CEO confirmed that the HT Leadership Board will share best policy.

A request from STO for £2,942.00 for behaviour support and the prevention of exclusion for one child was refused as it was considered not to impact the whole school.

It was also agreed that permission to delegate authority to the Finance & Audit Committee, to grant requests on the basis of approving grants, should be proposed to the Board.

56/16 **BUDGET UPDATES: TRUST AND SCHOOLS**

BI reported on the following:

- i. Strategic budget planning guidance: with clearer information from the EFA and central government surrounding the delayed introduction of a new Funding Formula schools have been asked to defer the introduction of a 4%/8%/12% funding reduction schedule until September 2018. This information was circulated to SLT and Finance Officers in order to revisit forecasts and, although, a delayed impact was noted it is essential to remain prudent.
- ii. There will be continuing scrutiny on future balances and reserves and the need to demonstrate a balance between sufficient capacity to mitigate unforeseen risks, unnecessarily high balances held and educational delivery. **Directors asked that, in terms of individual**

budgets, can schools benchmark themselves against other academies? BI advised benchmarking could only be made internally.

iii. STO – **revised budget v2.0 was ratified.**

iv. MIS – revised budget v3.0 has been submitted and is **recommended for approval.** The budget reflects a current reduced pupil forecast, due to the impact of an inadequate pre-school on site and introduction of funding cuts from 2018.

v. Other establishments have submitted revised forecasts and capacity has prevented the production of supporting reports/recommendations. Documentation will be submitted electronically for authorisation.

vi. SMI has demonstrated a significant overspend which will be reflected in a revised budget.

BI informed the meeting that all reports are being regularly monitored and any anomalies are highlighted by Julia (Central Team). Regular feedback is essential to providing effective communication and ensure that an appropriate decision making process is in place.

57/16 **BUILDING TRUST AND SCHOOL RESERVES**

BI reported that due to funding uncertainty, economists' predictions and sector speculation to support rationale there is evidence of pressure in most schools; for some, this will be as early as 2017. Schools are, therefore, communicating a natural anxiety from LGBs, SLT and finance staff.

58/16 **UPDATE ON BIDS FOR FUTURE CONSIDERATION BY THE EFA**

There was nothing to report.

59/16 **SUMMARY OF RECOMMENDATIONS TO MAIN TRUST BOARD**

The following recommendations were made to the Trust Board:

i. **Approval to use Michael Merrill from Barker Associates.**

ii. The **Finance Policy Review Schedule to be deferred until the Spring Term 2017.**

iii. It was proposed that there should be provision of an **Estates Assets Management Plan and due diligence procedures for Estates.**

iv. RO visits had alerted some concern that the use of purchase cards in schools was not fully compliant. As a robust control was necessary it was, therefore, proposed that a robust response will be to **withdraw all purchase cards in the Spring if they are not used appropriately.**

v. It has become increasingly **necessary to provide training in the monitoring of Risk Registers.** It is hoped, therefore, that this proposal would also forge a positive link between the RR and the provision of effective performance by schools as well as an opportunity to raise an expectation of dialogue with LGBs.

vi. **All school staff must undertake appropriate Health & Safety Training (in Education) including Trip Training.**

vii. It was proposed to **delegate approval of Grant Requests (up to £25k) to the Finance & Audit Committee.** This would provide increasing discretion for the Committee in holding schools to account.

60/16 **ANY OTHER BUSINESS**

None recorded.

61/16 **DATES OF 2017 MEETINGS Fridays at 10.00am:**

Spring 1

10th February

Spring 2	24 rd March including AGM
Summer 1	12 th May
Summer 2	14 th July
Autumn 1 (17/18)	22 nd September

The meeting closed at 12.15pm with a prayer.