



Diocese of Chelmsford Vine Schools Trust

The Diocese of Chelmsford Vine Schools Trust is a company limited by guarantee.
Registered in England No 8709542. Registered Office 53, New Street Chelmsford CM1 1AT

Finance and Audit Committee Meeting Minutes

DATE AND TIME: Friday, 31st March, 2017 at 10.10pm

VENUE: Chelmsford Diocesan Offices

MEMBERSHIP:

| | | |
|-----|-----------------|---|
| JCo | Joan Costello+ | Director |
| GF | Gavin Flynn+ | Director |
| BL | Bryan Lester* | Director, Company Secretary, Finance Director |
| PP | Philip Preston* | Director |
| TR | Tim Rose* | Director |
| TW | Terri Wood+ | Director |

IN ATTENDANCE:

| | | |
|-----|----------------|--------------------|
| JCr | John Crane* | CEO |
| BI | Brendon Ince* | COO |
| SP | Sharon Porter* | VT Finance Manager |
| | Jill Haines* | Clerk |

* indicates attendance + indicates absence

VINE TRUST SCHOOLS:

| | |
|------------|--|
| 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 |

19/17 **WELCOME AND PRAYER**

Bryan Lester (Interim Chair) welcomed everyone to the meeting and PP committed the agenda discussions in prayer.

20/17 **CONFIRM MEMBERSHIP AND APPOINT CHAIR**

i. **Membership of the Committee:**

Gavin Flynn
Bryan Lester
Phil Preston
Tim Rose
Terri Wood
Brendon Ince **COO, Trust Lead**
John Crane **CEO** in attendance

ii. It was agreed to defer the appointment of Chair and Vice-Chair until all members are present.

21/17 **APOLOGIES FOR ABSENCE**

Apologies were received and accepted from Gavin Flynn and Terri Wood.

22/17 **NOTIFICATION OF ANY OTHER BUSINESS**

There was nothing to report.

23/17 **DECLARATION OF BUSINESS INTERESTS/CONFLICT OF PECUNIARY INTEREST**

There were no new Business Interests to declare. However, there were verbal reminders of an interest in the agenda as an employee of the Diocese (BL) and as Trust Consultant (PP).

24/17 **MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting held on 10.2.17 were agreed and signed as a true record.

25/17 **MATTERS ARISING**

i. *item 7/17* **Interest charges** (MBG):

a. £13.03 Interest plus £15.00 unauthorised borrowing fee triggered but refunded (manual routine failure due to a combination of annual leave and school closure at Lloyds and Vine Trust).

b. Automatic transfer arrangement being initiated for future from Trust to all academies (closing balance to be restored to £0 if daytime transactions would cause an overdraft).

ii. *item 17/17i* **Terms of Lease** (Chelmsford office): continue to be fine tuned and the COO reported on current progress.

iii. *item 17/17* **MIS pre-school Business Plan/HT Board approval of extended age range:** a meeting has been held at MIS with relevant personnel; a revised Business Plan is to be prepared.

iv. The outcome of the Essex HR review of Support Staff roles and salaries is not yet available.

26/17 **UPDATE FROM CHIEF OPERATING OFFICER including:
RISK MANAGEMENT, HEALTH & SAFETY PLAN, BUDGET UPDATES: TRUST AND
SCHOOLS, BUILDING TRUST AND SCHOOL REERVES, CAPACITY AND TRAINING**

The COO Report had been circulated and the following matters were discussed:

After debate around transition and exceptions, from some academies, about the cashless proposal discussed at the last meeting, it was decided to conduct a *cashless* review in 6 months time.

RISK MANAGEMENT

Responsible Officer Visits (Spring 17)

RO Dashboard – Mar17

The updated dashboard had been circulated and the COO reported that it reflects all existing RO assessments; trends have generally been reset following a request for new/refreshed monthly monitoring reports to be submitted at the end of March 2017. The Summer dashboard will include all visit 1 RO information and up to date school assessments. General progress is good, with training and support being targeted at those schools with identified control issues.

S2.9a - although assessed by RO as requiring improved control is acknowledged, the COO reported that it does not reflect the thorough controls inherent with the automated ordering/invoicing authorisation process in place across the Trust. Therefore, it is not necessary for the finance officer to be remote from the payment signatory process, especially as two signatures are required in all instances.

DIRECTORS AGREED THAT THERE IS SUFFICIENT CONTROL IN PLACE FOR FINANCE OFFICERS TO BE A SIGNATORY ON BANK ACCOUNTS.

RO Visit 1 2016/17

This visit focuses specifically on controls/compliance around Risk Registers, Purchase Cards,

payroll procedures and areas identified during last year's RO audits. Reports currently available had been circulated.

Multiple management letters had raised the profile of non-compliance of charge card procedures leading to exposure to fraud, reputational risk and non-compliance with the EFA HB, evidence of which could lead to disciplinary action. After a robust discussion, reflecting on previous warnings, it was agreed to communicate a deadline to SLs that failure to operate 100% compliance by the next RO visit would result in removal of charge card facilities.

DIRECTORS WILL RECOMMEND THAT CHARGE CARDS MUST BE SUBJECT TO 100% COMPLIANCE BEFORE THE NEXT SCHEDULED RO VISIT OR THEY WILL BE WITHDRAWN.

Members discussed the need for a Finance Lead model, a review of the role of academy finance teams and consideration to be given to centralising the purchasing role. It was agreed to set up a project to systematise purchasing to improve efficiency, cut costs and reduce audit time. A project leader should be assigned and the committee recommendation is Gavin Flynn.

DIRECTORS WILL RECOMMEND THAT A PROJECT SHOULD BE INITIATED TO PLAN AND SYSTEMATISE FINANCE & AUDIT ROLES ACROSS ALL SCHOOLS AND APPOINT A PROJECT LEADER.

Risk Registers

Updated dashboard Spring 2 2017 had been circulated; trends/changes have been identified in the current version with clearly identified sections targeted for scrutiny by the CEO/COO. The COO asked the Committee if they wanted individual academy Risk Registers to be circulated in future. Another option would be to replace individual RRs with the Committee's Working Party Review, bringing concerns as necessary.

After discussion, it was agreed that it would be helpful to have a smaller number of items for focus which will be a target for review every term and the working party (CEO, PP, COO) dashboard would be sufficient. A model is under consideration (Deloitte LLP) which the VT is involved with developing.

DIRECTORS AGREED TO THE DELEGATION OF SCRUTINY OF INDIVIDUAL ACADEMY RISK REGISTERS TO THE COMMITTEE WORKING PARTY AND CONTENT TO RECEIVE THE SUMMARY DASHBOARD.

The review process has identified two areas for consideration and possible inclusion on all academy Risk Registers:

- i. **GRE** have identified that increasing pupil numbers may be having an impact on traffic volume outside of the school and, subsequently, the physical and reputational risks that may result. Concerns around traffic in the schools car park are also highlighted.
- ii. **LAT** have identified a risk of personal injury to staff when taking money to the bank.

The meeting discussed whether these areas should be considered Trust wide.

DIRECTORS RECOMMENDED THAT:

A **review of the Risk Registers identified three new risks** to be included on all academy Risk Assessments in future:

- i. Assess risk to public, pupils and parents from traffic around and outside premises.
- ii. Assess risk associated to public, pupils and staff on school grounds from motor vehicles.
- iii. Assess personal injury to staff associated with cash handling and paying money into the bank.

Health & Safety Plan

The COO informed members on the Every Business Management overdue activities report (24.3.17). In summary, there is a generally slow adoption of the system and limited recent progress being made despite continuing pressure. There was some discussion that this may

largely be due to capacity issues but could also be a symptom of resistance to change.

Updated asbestos guidance (Feb 17 EFA) had been circulated to all schools. Overall, the Trust does not have effective central visibility of risks associated with control and management of Asbestos/Legionella.

DIRECTORS AGREED TO SET A DEADLINE FOR EVERY BUSINESS MANAGEMENT TO BE POPULATED BY MAY HALF-TERM AND TO INFORM THE TRUST BY THE END OF APRIL IF THIS WAS UNREALISTIC. Accordingly, the CEO, supported by the Chair, will send a letter to all schools to this effect.

Budget updates

General Annual Grant GAG funding allocations for 17/18 are now available for all schools. Summary sheets reported generally increasing numbers and the underlying trend is still one of funding reductions as expected. Some schools are suffering from reducing pupil numbers.

Overall, it is challenging that financial improvement is not well managed and good practice could be better facilitated through the restructuring of academy finance teams.

Funding

There is continuing uncertainty surrounding the roll-out of the new National Funding Formula (NFF), phase one scheduled for 2018, although it is possible that the new formula will be delayed further (no definitive guidance has yet been published).

Despite indicative funding information being made available for the new NFF, comparing the new formula against the existing one, the Committee/Board may need to determine an interim strategy that they wish academies to adopt for forecasting future funding levels, as part of their 5 year budget forecast and planning.

The options are to adopt the existing formula for 2018 onwards or prepare forecast information based on the new NFF indicative modelling workbook. After discussion, it was agreed that the latter option is too speculative and it was recommended that the Trust remains with the current formula.

DIRECTORS AGREED TO CONTINUE ADOPTING THE EXISTING NFF MODEL FOR THE TIME BEING FOR 2018 ONWARDS.

Staffing

The Trusts budget forecast software (Academy BPS) ensures that costs associated with staff are currently incremented annually with a 1.0% cost of living rise, additionally successful performance management is assumed enabling staff to increment where they have not reached the top of their pay scale and factored in to the employee cost scenarios in all academies.

DIRECTORS AGREED TO CONTINUE TO INFLATE BASE SALARIES WITH 1%.

Local Government Pension (Employers Contributions)

The Essex Pension Fund have confirmed that the DfE have approved a new pooling arrangement for Academy pension funds, this will see the employers contributions for academies increase to 25.0% within the next 9 years in order to address the increasing deficit within the fund.

DIRECTORS AGREED TO INCREASE EMPLOYER'S PENSION LIABILITY ANNUALLY UNTIL A 25% CEILING IS REACHED.

Other factors affecting the funding model strategic planning include:

1. Continue reducing pupil weighted funding by 1.5% pa.
2. Introduce an inflationary element and reduce funding by .5% pa.

3. Introduce an Apprenticeship Levy factor.

IN SUMMARY, THE CUMULATIVE ADJUSTMENT TO FUNDING IS 2.15% (18-19), 4.30% (19-20), 6.45% (20-21) WHICH WAS APPROVED AND RECOMMENDED BY DIRECTORS.

THE BUDGET FORECAST RETURN TIMETABLE WAS RECOMMENDED FOR CIRCULATION TO ACADEMIES.

Budget Updates

UPDATED REVISED BUDGETS 2016/17 HAD BEEN CIRCULATED AND WERE RATIFIED:

STO v5.0 (further updated version to follow)

GRE v4.2

SJH v3.2

Reserves Policy

The existing policy was circulated (F-003V Capital and Revenue Reserves Policy 2015 v1) (Jan2016) and there was some discussion about a review in advance of Spring 17 update. National benchmarking based on 15/16 data suggests that Academies/Trusts adopt one of two main reserves policy models, being either a proportion of annual expenditure (typically between 1 and 2 months) or a proportion of income (typically 10%).

DIRECTORS AGREED TO CONTINUE TO ADOPT THE CURRENT RESERVES POLICY MODEL WITH A REVIEW DATE OF 12 MONTHS.

Capacity and Training

Discussions between SMI, STC and LAT exploring a Dengie 'hub' following the resignation of SMI Bursar have concluded that:

- i. LAT do not wish to effect a more collaborative arrangement across the 3 schools at this time – distraction from teaching & learning focus in advance of Ofsted and pressure on relatively inexperienced member of staff and would revisit post Ofsted and upon finance staff training completion.
- ii. SMI/STC will follow the ROL/SAA model already deployed in the Trust across two schools. Job roles being defined in advance of advertising for new member of staff.
- iii. Interim cover being provided by Finance Officers at LAT and STC with month end and management support from the Vine Trust central Finance and Support Team.

27/17 **COMPANY SECRETARY UPDATE AND REPORT to include any allegations of fraud/maladministration**

There was nothing to report.

28/17 **UPDATE ON CONVERSIONS**

BUL Bulphan CE Primary School (scheduled conversion 1.4.17) looks likely to be delayed to 1.6.17 due to Thurrock fee dispute.

ORS Orsett CE Primary School (scheduled conversion 1.7.17) Due diligence exercises have been initiated. However, Orsett is part of the SMBG Hub and difficulties with Thurrock LA may delay or halt conversion.

RID Ridgewell CE Primary School (scheduled conversion 1.8.17).

29/17 **UPDATE ON GRANT APPLICATIONS** (Premises related) and **GRANT REQUESTS FROM ACADEMIES**

The following bids had been received:

- i. MIS: **Positive Behaviour Management £800.**
- ii. JCO: **Update to iPads £27k.**

DIRECTORS AGREED THAT THE BIDS SHOULD BE RECOMMENDED TO THE TRUST BOARD.

30/17 **UPDATE ON BIDS FOR FUTURE CONSIDERATION BY THE EFA**

There was some discussion about encouraging schools to submit bids as no new applications had been received for consecutive meetings.

It was agreed that the Board should take responsibility to support schools and encourage a proactive approach.

31/17 **SUMMARY OF RECOMMENDATIONS TO MAIN TRUST BOARD**

The following recommendations were made to the Trust Board:

- i. It was recommended that there is sufficient control in place for **Finance Officers to be a signatory on Bank Accounts.**
- ii. **Charge cards** must be subject to 100% compliance before the next scheduled RO visit or they will be withdrawn.
- iii. A project to be initiated to **plan and systematise Finance & Audit roles** across all schools and **appoint a Project Leader.** GF to be approached to take on this role.
- iv. Delegation of scrutiny of individual academy Risk Registers to the Committee Working Party and **content to receive the Summary Dashboard.**
- v. **A review of the Risk Registers identified three new risks** to be included on all academy Risk Assessments in future:
 - 1. Assess risk to public, pupils and parents from traffic around and outside premises.
 - 2. Assess risk associated to public, pupils and staff on school grounds from motor vehicles.
 - 3. Assess personal injury to staff associated with cash handling and paying money into the bank.
- vi. Directors agreed to **set a deadline for Every Business Management to be populated by May half-term and to inform the Trust by the end of April if this is unrealistic.** Accordingly, the CEO, supported by the Chair, will send a letter to all schools to this effect.
- vii. **DIRECTORS AGREED TO CONTINUE ADOPTING THE EXISTING NFF MODEL FOR THE TIME BEING FOR 2018 ONWARDS.**
Funding Forecast Strategy:
 - 1. Continue adopting existing NFF for the time being for 2018 onwards.
 - 2. Continue to apply a 1% cost of living rise annually.
 - 3. Increase Employer's Pension liability annually until a 25% ceiling is reached.
 - 4. Continue reducing pupil weighted funding by 1.5% pa.
 - 5. Introduce an inflationary element and reduce funding by .5% pa.
 - 6. Introduce an Apprenticeship Levy factor.

THE BUDGET FORECAST RETURN TIMETABLE WAS RECOMMENDED FOR CIRCULATION TO ACADEMIES.

UPDATED REVISED BUDGETS 2016/17 HAD BEEN CIRCULATED AND WERE RATIFIED:

DIRECTORS AGREED TO CONTINUE TO ADOPT THE CURRENT RESERVES POLICY MODEL WITH A REVIEW DATE OF 12 MONTHS.

viii. The following bids were recommended:

MIS: **Positive Behaviour Management resources £800.**

JCO: **Update to Ipads £27k.**

32/17 **ANY OTHER BUSINESS**

There was nothing further to report.

33/17 **FUTURE MEETINGS to be held on Fridays at 10.00am:**

2016/17

Summer 1 12th May

Summer 2 14th July

2017/18

Autumn 1 22nd September

Autumn 2 24th November

Spring 1 9th February

Spring 2 23rd March

Summer 1 11th May

Summer 2 13th July

2018/19

Autumn 1 21st September

The meeting closed at 12.20pm with a prayer of blessing for continuing impact Trust wide.

| SUMMARY OF DECISIONS BY DIRECTORS | |
|--|--|
| 26/17 | Recommendation that there is sufficient control in place for FOs to be a signatory on Bank Accounts. |
| 26/17 | Recommendation that charge cards must be subject to 100% compliance or will be withdrawn. |
| 26/17 | Recommendation that a project be initiated to plan and systematise F&A roles across all schools. Appoint Project Leader. |
| 26/17 | Agreed to the delegation of scrutiny of individual academy Risk Registers to the Committee Working Party and content to receive the summary dashboard. |
| 26/17 | Recommendation that a review of the Risk Registers identified three new risks. |
| 26/17 | Approval to set a deadline for Every Business Management to be populated by May half-term. |
| 26/17 | Approval to continue to adopt the existing NFF model for 2018 onwards. |
| 26/17 | Approval to continue to inflate base salaries with 1%. |
| 26/17 | Approval to increase Employer's Pension Liability annually until a 25% ceiling is reached. |
| 26/17 | Approval of cumulative adjustment to funding. |
| 26/17 | Recommendation that the Budget Forecast Return Timetable is circulated to Academies. |
| 26/17 | Ratification of revised budgets for STO, GRE and SJH |
| 26/17 | Approval of adoption of current Reserves Policy model with a review date of 12 months. |
| 29/17 | Recommendation of grant requests for MIS and JCO. |

| | SUMMARY OF ACTION REQUIRED | OWNER | TIMELINE |
|---------|---|--------------|-----------------|
| 20/17ii | Appoint Chair/Vice-Chair | Committee | Next meeting |
| 30/17 | Take responsibility to support schools and encourage a proactive approach towards bid applications. | All members | Post meeting |