

## FINANCE, EMPLOYMENT AND AUDIT COMMITTEE

**Minutes** of the Finance, Employment and Audit Committee held on 7 February 2017 at Truro College.

Directors: Mr D Allison, Mrs S Dickinson, Dr J Blunden (Chief Executive), Prof A

Livingston (left after 17/06), Mrs S Roby and Mr P Wroe (Chair)

Also Present: Mrs J Brinson (Business Manager) and Mrs A Winter (Company

Secretary)

Apologies: Mrs E Winser

Item	Decision	Action
17/01	Declarations of Interest	
	The Chair notified the Committee of his links to a Free School proposal submitted by the Atlantic Centre of Excellence Trust (ACE) and the Eden Project.	AW to update register of interests
17/02	Minutes	
	The minutes of the meeting held on 15 November 2016 were <b>APPROVED</b> and signed as a correct record, subject to a correction to the list of those present.	AW to amend minutes
17/03	Matters Arising	
	<b>03.01 Business Continuity Plans (Minute 16/36.05)</b> The Committee requested confirmation that all schools had a continuity plan in place. The Company Secretary agreed to check with Kennall Vale which had joined the Trust on 1 January 2017. All other schools had approved a Plan.	AW to check with Kennall Vale
	<b>03.02 Financial Report 2015/16 (Minute 16/37)</b> The Business Manager confirmed that the annual financial report had been finalised by the end of December. However, problems with the SFA software meant that the deadline for submission had been extended to 28 February 2017.	
	<b>03.03 Management Accounts (Minute 16/39)</b> Members noted that the Board had considered the suggestion and agreed in principle, to utilise TPAT reserves to support a school deficit where essential maintenance/improvements were needed and a school demonstrated good financial management. Criteria and procedures for supporting schools would be drafted.	

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	Directors were concerned to hear that there had been further deterioration to toilet facilities at Pendeen. Temporary repairs to drains had been undertaken pending the outcome of the Condition Improvement Fund (CIF) bid (expected in April 2017).	
	The 3 year projections were outstanding and the Business Manager would circulate these within the coming weeks.	Business Manager to produce financial
	<b>03.04 Cashflow Projections (Minute 16/40)</b> Directors noted that transfers from Cornwall Council for schools joining the Trust in May 2016 had been finalised.	projections
	03.05 Contract Approval (Minute 16/44) The Business Manager confirmed that following negotiations between St Dennis School and Kendall Kingscott, amendments to the project had been agreed to bring the scheme within budget. A preparatory meeting was scheduled to take place on 23 February and work onsite was due to begin at the end of March 2017.	
17/04	Management Accounts 1 September – 31 December 2016	
	The financial position of each school was reviewed and additional detail provided by the Business Manager. Directors requested a column for projected reserves vs budget be added to the summary table.	Business Manager to note
	The Committee considered the operating position for each school and any specific factors or unexpected variations affecting the budget.	
	The Chair raised concerns about the number of schools forecasting a deficit and requiring use of reserves and reiterated the need for a 3 year forecast to ascertain which schools will return to a positive position after the current year.	
	The Chair specifically raised concerns about the financial viability of St Ives. The forecast outturn of £(27,051) was lower than the budgeted outturn of £0, resulting in a forecast £27,051 detriment to reserves which were already £(17,108) in deficit at the start of the year. Following discussion and consideration the Chair asked for the LGB to produce a report by mid-March containing plans with named owners for cost reduction activity and actions being taken to ensure the long term financial viability of the school.	JB/AW to notify Headteacher and LGB
	The measures to improve end of year forecasts were also discussed. Directors noted:	
	delays with EHC (Education, Health and Care Plan)     assessments for high needs pupils meant that schools had     been forced to employ extra support staff before receiving     additional funding - the Trust was continuing to press the local     authority (LA) and had raised concerns with the Regional     Schools Commissioner (RSC)	

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	<ul> <li>St Dennis nursery was experiencing a fall in income due to a decline in pupil numbers - a Local Governing Body (LGB) working group was reviewing arrangements and reconsidering the nursery's operating model</li> <li>St Ives LGB was reviewing alternative provision (AP) for pupils who needed to be educated off-site (due to illness, exclusion or other issues) to see whether this could be provided more cost-effectively within the school</li> <li>Threemilestone and Chacewater were showing increases to projected deficits due to the incorrect payment of universal infant free school meal (UIFSM) and Pupil Premium (PP) grants to the LA - this error was being rectified</li> <li>the MAT Central budget position would improve slightly with the addition of Kennall Vale from 1 January 2017 (although there would be related legal/professional costs).</li> </ul>	Business Manager to monitor and report at next FEA committee
	During discussion, questions were asked and an explanation provided about why PFI costs were below budget, the use of restricted funds and private fund balances that were still held by some schools.	
	Following consideration, the Committee asked relevant LGBs to produce a report summarising the actions to address the budget deficit in 2016/17 and to ensure longer term financial sustainability over the next 2/3years. Reports to be provided as follows: St Ives (by mid-March 2017), St Just and Threemilestone (by the end of March).	JB/AW to notify Headteachers and LGBs
17/05	Cashflow and Financial Projections	
	Directors noted the Trust's cashflow position and basis on which the projections had been prepared. The figures had been revised to incorporate Kennall Vale from 1 January 2017. The majority of income was from the Education Funding Agency and was in line with the funding statement.	
	The outcome of a number of Condition Improvement Fund (CIF) bids submitted by schools was awaited and income and expenditure figures would be adjusted accordingly.	
	It was noted that a sum had been transferred to the 32-day notice account in order to maximise investment income.	
	The Committee agreed that cashflow over the coming year was healthy and the overall financial position remained positive.	
17/06	Review of Support Staff Pay for 2016/17	
	This confidential item is separately minuted.	

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17/07	HR Report	
	The Chief Executive presented an overview of autumn staff recruitment, absences and capability/disciplinary cases within the Trust and highlighted any significant HR issues.	
	Absences during the period from 1 September – 31 December 2016 has fallen compared to 1 January – 30 April 2016. Staff absence rates and costs were continuing to be scrutinised. Alternative HR data packages were being assessed to improve monitoring and reporting. Directors suggested that in future it would be useful to include data on staffing numbers and turnover.	JB to note
	Directors noted the headline data which provided a useful indicator of staff morale and wellbeing.	
17/08	Draft Policies for Approval	
	08.01 Parent and Visitor Code of Conduct	
	The Committee considered the draft Parent and Visitor Code of Conduct which set out expectations for the conduct of parents/visitors in relation to members of the school community.	JB to amend
	Subject to a number of minor amendments, the Committee <b>RECOMMENDED</b> approval by the Board.	policy Recommendation to the Board
	08.02 Complaints Policy	
	The Committee considered the draft Complaints Policy and discussed the stages in the procedure, the timescales and actions.	
	Directors noted that where a complaint concerned a member of the TPAT central team, an individual Director or a decision by the TPAT Board the matter could be referred to stage 4 (the final internal stage). A Complaints Review Panel, comprising at least two LGB members and at least one Director, (who would normally chair the Panel), would meet to hear the complaint.	JB to amend
	Subject to a number of changes, the Committee <b>RECOMMENDED</b> approval by the Board.	policy Recommendation to the Board
	08.03 Equality and Diversity Policy	13 the Board
	The Committee considered the draft Equality and Diversity Policy which related to employers' duties concerning staff as well as responsibilities related to pupils. The intention was that each school would adopt the policy and implement the accompanying action plan.	JB to amend
	Subject to a number of minor amendments, the Committee <b>RECOMMENDED</b> approval by the Board.	policy Recommendation to the Board

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17/09	Budget for New School for 2016/17	
	The Committee received a draft budget for 2016/17 for Kennall Vale School which had joined the Trust on 1 January 2017. The LGB had scrutinised the budget in detail before approval. Although a significant operating deficit was expected this year, the school had reserves that would cover the deficit.	
	The Committee reiterated its view that reliance on reserves was not sustainable and that the Trust would not normally expect to approve a negative budget. Directors requested the LGB to work on in-year savings and suggested a target £10k reduction in the projected operating deficit. The Committee also recommended that the LGB to begin working on the budget for next year at an early stage in order to produce a balanced budget for 2017/18.	Business Manager/AW to convey decision from Committee to the LGB
	Following consideration, the Committee agreed to <b>RECOMMEND</b> approval of the 2016/17 budget by the Board.	Recommendation to Board
17/10	Contract Approval	
	The contract with Chartwells to provide school meals at a number of schools was due to end on 31 July 2017. Information about a group tendering process (co-ordinated by Litmus Catering Consultancy) had been provided to relevant schools. For a fee of £750 Litmus would manage the tendering process and contractual framework. The Committee considered this was good value and directed relevant schools to take part in this process rather than undertake independent negotiations with potential suppliers.	Business Manager to inform relevant schools
17/11	Purchases over £25,000	
	The Business Manager reported on two contracts:	
	<ul> <li>St Ives School ski trip (£42k) - costs to be covered by students taking part</li> <li>Perranporth School outdoor play area (£38k) - part funded by</li> </ul>	
	lottery grant of £30k and balance funded by the Friends of Perranporth School (parent/teacher charity)	
	The Committee noted that in each case the full costs would be covered from external income.	
17/12	Due Diligence Process for New Schools	
	The Committee noted that decision making about new schools joining the Trust had been delegated by the Board of Directors to the TPAT Chair, College Principal and TPAT Chief Executive on the basis of a financial review and due diligence process and that the due diligence framework template provided with the papers for the meeting was a useful tool.	

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	Directors recognised that preliminary discussions with a prospective school usually took place over an extended period and during this time the Business Manager and Chief Executive were able to gain an understanding of the school, the leadership team, potential risks and challenges. It was also accepted that strategic and political issues played a part in judgements about whether it was appropriate for a school to join TPAT.	
	Directors concluded that generally the presumption was that a school would be permitted to join the Trust and <b>RECOMMENDED</b> that to ensure a robust process:	
	<ul> <li>(a) The due diligence should result in a brief documented Executive Summary which informs the approvers decision. This should highlight key risks/concerns and financial viability using the due diligence framework template included in the papers for the meeting. This document should be presented to the board to inform all Directors of the decision taken and the information on which it was made.</li> <li>(b) The due diligence should include a review of: <ul> <li>the school premises H&amp;S statutory compliance register</li> <li>existing contracts and leases</li> <li>financial projections for the next 2/3 years.</li> </ul> </li> </ul>	Recommendations to Board
17/13	Internal Auditor Appointment	
	The Business Manager reported that TIAA Ltd had been engaged by the Trust to provide internal audit services for 2016/17. TIAA had provided a satisfactory service and continued to remain the most cost effective option on the basis of market testing.	
	The Committee <b>RECOMMENDED</b> the reappointment of TIAA Ltd for a further two years, until 31 August 2019.	Recommendation to Board
17/14	Date of Next Meeting	
	The Committee would meet at 5.00pm on Tuesday 27 June 2017.	ALL to note