

STAR MAT Board of Trustees' Finance, Audit and Risk Committee

Minutes of the meeting held Thursday 16th July 2020 at 5.30pm via Google Meet

Present: Tom Fielden (Chair), Peter Wilson, Simon Peacock, Richard Coy, Clare Thornton-Eckford, Nick Sheppard, Deborah Hastie

In attendance:

Martyn Sibley (Chief Education Officer, STAR MAT)
Melissa Boyes (Chief Finance Officer, STAR MAT)
Ian Yapp (CEO Designate, STAR MAT)
Rob Holah (Estates Director, STAR MAT) (until item 4)
Iain Tessier (Clerk, Governance Advisor – STAR MAT)

1.0 Welcome, Apologies for Absence and Declarations of Interest

The Chair welcomed all to the meeting.

- 1.1 Apologies were accepted from Frances Dodd. Alison Smith had indicated that she would be late arriving. There were no declarations of interest.

2.0 Health and Safety (originally item 4)

Prior to the meeting, Trustees had received a brand new H&S policy for consideration.

- 2.1 The policy had been developed by Mr Holah with reference to guidance from NYCC, DfE, HSE and taking note of the RPA insurance audit findings. The policy itself was very detailed as it contained all of the working guidance to schools and their site teams. The further policies that were listed would be brought within the Trust umbrella in due course and the intention was to ready these for approval during the autumn term.

Resolved:

Trustees approved the new Health and Safety policy as circulated prior to the meeting.

3.0 Contracts (originally item 5)

With regards an update on the cleaning contract, prior to the meeting, Trustees had received the following documents:

- Contract commentary
- Letter to RCCN (the contractor)
- RCCN's Risk Assessment for September opening

- 3.1 Issues with the cleaning contract were well known. RCCN was not delivering the level of service required. A letter of complaint, to that effect, had been sent to the contractor. The Trust had challenged RCCN as to whether they could deliver a better service.

- 3.2 In terms of next steps, the COO said that the Trust could maintain the contract, give notice and leave immediately and bring the service in house or give notice and begin a tendering process. The recommendation was to maintain the contract, enforce the requirements, and hold a further review early in the Autumn term. Headteachers had been briefed on this proposal. The COO noted that RCCN's communication record was poor. A Trustee replied that several LGBs had raised the issue of schools not being cleaned properly adding that the Trust needed to be clear with everyone that robust action was being taken. The assurances currently being given by RCCN did not meet the Trust's requirements and did not instil confidence as to their ability. A frank, confidential discussion followed. The Clerk noted that approval for a tender process had, in fact, been requested and given at the previous meeting.

ACTION

3.3 The potential structure for a future cleaning service was discussed. The Chair noted that the question now was whether notice was given immediately or delayed. The COO was reticent about giving immediate notice – this should perhaps happen following the Trust Board’s September meeting. RCCN had to be given time to respond to the Trust’s formal letter and challenges therein. The Committee noted the initial submissions from RCCN - the situation would be kept under close review between now and the next meeting. The Committee welcomed proposals for the way forward to be submitted at the September Board meeting.

3.4 A Trustee asked if the Trust was looking at the products being used to clean schools. If RCCN were unprofessional were their staff being kept safe and properly trained to use their products? Were the products able to do the job required? Mr Holah explained that the MAT had taken action to insist on the use of alternative cleaning products by RCCN and now the executive needed to see that the training for staff was competent. Mr Holah agreed to take an action to check that their paperwork was in order and met with HSE requirements. The CEO designate acknowledged the concern raised and assured Trustees that safety checks would be made.

RH

Rob Holah left the meeting

4.0 Finance and Budget

Prior to the meeting, Trustees had received the following documents:

- P9 Management Accounts and Forecasted Outturn
- Budget Variances Report
- Schools’ 2020/21 Budget Report
- Start Budget Summary
- 2020/21 Start Budgets by School
- Trust Benchmarking Report
- Updated Academies Financial Handbook
- Summary of main changes to AFH
- LGB minutes

4.1 The COO had attended the majority of LGB meetings and welcomed any questions on the back of the minutes of those meetings. An in-year balance of £104k had been projected previously. Due to a number of factors, including Covid19, that in-year balance had improved by around £520k – taking the reserve balance to circa £790k. The position of the two secondaries was a major contributing factor. TGS had been expecting an in-year deficit of £140k but was now looking at an in-year deficit of £15k. SHS had originally forecasted an in-year surplus of £224k (balance on conversion) but now expected to see a £490k in-year surplus. The latter did reflect a lack of spend in certain key areas due to an inability to spend allocated funds due to the school’s closure. That spend would be taken forward into next year, thus the picture was not strictly correct.

4.1.1 On the subject of accuracy, was the budget at SHS believable and had it been checked. It looked amazing but clearly there were adjustments coming. The current projection was realistic on the basis that ‘savings’ this year would become further allocated spend next year. The auditors might bring this up under financial controls as not being best practice. The Chair noted that forward planning did need to be looked at. Trustees did not want SHS to end up in a similar position to one they had occupied previously. The COO noted that systems and protocols needed to be consistently used across all schools. Budget management had improved at the school, indeed in all schools, but there was still work to do. Further confidential discussion about systems development followed.

4.1.2 Referring to the variance reports, was it a timing issue re: the exam fee costings noted in TGS and SHS budgets? Yes that was the case.

4.2 Start Budget

Overall, a £72k in-year deficit was expected in 2020-21. This was mainly due to the £242k in-year deficit forecasted at SHS. As already noted they were delaying spend and re-allocating it

next year. On top of that re-allocation, the school wanted to invest further in better ICT and, given the current climate, that seemed a sensible and worthwhile plan. Overall, reserves would be 3.9% of GAG. The Trust had made conservative projections on staffing costs.

- 4.2.1 Several Trustees asked about senior staffing at TGS. The COO was concerned about a gap in business operational leadership from September. The head had been given what he required in terms of leadership on the teaching side but his intention not to replace Mrs Northrop-Clay did make the COO nervous about oversight of resources. As such, the situation had been marked as a risk. Currently, no-one was approving spend in the school from a business leadership perspective. School business leadership was so important in schools nowadays. A Trustee said that if they were not replacing Mrs Northrop-Clay then surely an SLT member would have to pick this up (suitably qualified of course). The COO acknowledged this as an option but not necessarily the best situation. Although currently there was no designated contact for September. The Chair made clear that the Trust could not end up picking up the potential consequences of this. This sentiment was echoed in other quarters. The COO accepted the challenge and the CEO noted that this message had, in fact, been made clear to the Headteacher. A Trustee noted that the Trust had supported changes to and investment in structural leadership at TGS and yet a gap was being allowed to open up in a critical area. This situation had to be monitored closely.
- 4.2.2 A Trustee was concerned about pay expenditure going up over 8%. Most schools were already showing as being above the median in terms of teacher costs – how was the Trust in this position? The COO gave the example of South Milford appointing an additional associate head due to an additional class. Riverside would have a head of school from September. There were a number of factors contributing to the rise but the COO accepted that staffing costs did need looking at across the piece.
- 4.3 The COO invited comment on any of the ‘red’ ratings. In response to one query, the COO said that SHP -£64k deficit was due to an additional class and increasing numbers. Of course, the funding for expansion lagged so the Trust had approached NYCC for additional growth funding. As the school grew further over seven years there would always be a lag in each year – this was something that had to be resolved with NYCC. In answer to another query, the COO said that Kirk Fenton was now running a tight, balanced budget with good monitoring. Reducing the inherent deficit would be an ongoing problem with the PAN as it was. Similarly, Kellington had made steady progress and their deficit would be paid by 2023 if their plans came to fruition. Whilst they were ‘red’ rated, the COO fully expected them to move to ‘amber’ shortly.
- 4.4 The Chair noted that there were widening in-year deficits in years two and three for some settings and these positions needed to be carefully monitored. The Chair suggested that the in-year deficits proposed for next year could be tolerated due to reserves but approval of in-year deficits thereafter might not possible. That message needed to be filtered through. The COO agreed with the Chair’s summation.
- 4.5 The COO did want to note that both lettings and additional income streams had been forecasted down due to the current situation. Of course, things might improve in the coming months but whilst uncertainty remained a cautious approach was prudent. Trustees agreed.
- 4.6 **Resolved:**
Trustees approved the Trust’s 2020/21 Start Budget. Within that, Trustees approved the separate schools’ budgets as indicated and recommended to them by the LGBs.
- 5.0 **Risk Register and Internal Audit Process**
Prior to the meeting, Trustees had received the following documents:
- Updated Risk Register
 - Internal Audit Reports (Health and Safety, Covid-19 response)
 - Internal Audit Plan 2020/21

MB

5.1 It was important for the Committee to keep on top of risk monitoring. The RR had been slightly updated but the COO wanted to look at adding in a business continuity strand (particularly post Covid). An audit plan for next year had been circulated. As for the internal audit reports received, the H&S report contained no surprises. A strong policy had now been approved. Improvements in paperwork would be overseen by the Estates Director. The Covid response report highlighted no major issues. There were some process matters to pick up on and these were being actioned. Robust cash management processes were required. The Budget Management audit, which was a key audit request from Trustees, would no doubt highlight exactly where the risks were.

5.2 Were Trustees comfortable with what had been proposed for the audit plan? Trustees indicated that they were. These were all areas that the Trust intended to look in fairly short order operationally, so it was good that this work would be stress tested as the year progressed.

5.3 The Chair wished to thank the COO for her continued hard work and planning.

6.0 Policy Review

6.1 Certain policy approvals were carried forward to September.

7.0 Any Other Business

None.

The meeting closed at 7pm

Agenda

Action Points from the Meeting	Agenda Item	Person(s) Responsible	Date for Delivery
Review of RCCN's performance and proposals for cleaning contract	3.3	MB, RH	September Board meeting
Check RCCN's paperwork and training provision	3.4	RH	Update next Board meeting
Review of staffing costs	4.2.2	MB	Update next Board meeting
Policy approvals	6.1	MB	September agenda