

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

**Minutes of the meeting held Tuesday 30<sup>th</sup> November 2021 at 5.30pm via Google Meet**

**Present:** Tom Fielden (Chair), Peter Wilson, Deborah Hastie, Richard Coy

**In attendance:**

Ian Yapp (CEO, STAR MAT)  
Melissa Boyes (COO, STAR MAT)  
Lucy Jenkins (Sagars, External Auditors) (for item 2)  
Rob Holah (Estates Director, STAR MAT) (for item 3)  
Clare Thornton-Eckford (Chair, STAR MAT)  
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 received and accepted from Simon Peacock. There were no declarations of interest.

**2.0 Annual Accounts and External Audit**

The accounts, along with the report from the external auditors had been circulated prior to the meeting. Melissa Boyes and Lucy Jenkins were invited to address the meeting.

- 2.1 It was acknowledged that there was one major adjustment still to be made on the accounts, linked to the Church schools, prior to finalising. Otherwise the numbers were nearly there. The MAT had a clean, unmodified audit report. The adjustment related to correspondence received from the Diocese, which indicated that Church schools' assets should not be on the balance sheet. This would reduce restricted fixed assets within the SOFA by £10.6m. Lucy Jenkins asked if there were any initial questions on the accounts.

- 2.1.1 Why was the MAT taking an accounting instruction from the Diocese? Effectively, because they had said that the MAT had to. Ms Jenkins said that part of their argument was that capital works ultimately required their approval etc. Also, the Diocese had indicated that the buildings were on their balance sheet and had flagged that they could not be accounted for in two places. Was this standard practice for all of their schools or was this a change to their approach with STAR? Wording had been tweaked in the Academies Handbook (and this was a grey area in terms of accounting). This did appear to be only a York Diocese issue. The Chair did not recall these arrangements upon conversion. It was clarified that the MAT was occupying the sites on licence and in theory the Diocese could give the Trust notice to vacate. The Chair saw this as a risk from a commercial perspective - why would the Trust invest in sites under licence. The CEO said that the Diocese had a positive engagement strategy with regard academisation and conversion but if they were putting in place commercial barriers then this did not help. The CEO suggested he had a meeting set up with the Diocese Director of Education in January in which they could look at this. The Chair felt that this would be helpful, adding that a two year licence felt inadequate. Ms Jenkins noted that the Trust would take a hit on the balance sheet each time a Church school was taken on. A Trustee noted that a lease was fundamentally different to a licence; the latter could be terminated far more easily. A Trustee wanted to know if it was in the legal agreement that the MAT had to fund capital works. Ms Jenkins said that the MAT would have a standard agreement to fund capital investment (via SCA funding). Ms Jenkins acknowledged the concerns but was conscious for everyone to note that ultimately this was an on paper adjustment.

**ACTION**

**IY**

- 2.2 Trustees should note that there was now a small actuarial gain on pensions. Again, this was a paper gain. There was also a balance on the GAG account – a £257k carry forward. This could be allocated to spending next year. The COO indicated that this had already been factored into this year's budget.
- 2.3 The MAT had received what had been regarded as a fixed asset donation – essentially the LA work carried out at Sherburn Hungate had been covered by the LA but for the benefit of the MAT – of circa £2.5m
- 2.4 Audit Findings / Management Letter  
Ms Jenkins noted the audit findings on internal controls. Several matters were highlighted amber and green; no red matters were found. All findings were agreed by the COO and an action plan was in place to ensure than any follow-up tasks were addressed.
- 2.5 Section 5 – Adjustment to financial statements  
Ms Jenkins ran through the adjustments to the SOFA arising from the audit, all of which had been agreed by the COO.
- 2.6 The Chair reflected on some large numbers on the unadjusted side. The COO felt that the position could be worked through this year. Ms Jenkins was inclined to agree. It was further noted that some prior year errors were brought forward. Ms Jenkins confirmed that and said that overall materiality was circa £450k.
- 2.7 With reference to Section 6, Ms Jenkins flagged up standard wording that was being used across all audits around fraud detection. Fraud and cyber security were an issue for Trusts and the charity sector generally.
- 2.8 Ms Jenkins would work with her team and the COO to finalise the accounts, ahead of the full Board meeting on 7<sup>th</sup> December when the final accounts needed to be approved. These could then be presented to Members at the AGM.

*Lucy Jenkins left the meeting.*

### 3.0 **Capital, Estates and Premises**

The following documents had been circulated prior to the meeting:

- 3.1 Mr Holah explained the rationale for working to calendar years. Trustees were being asked for approval of 2022 SCA spend. Minutes from the scrutiny group had been circulated. Mr Holah touched upon the 2021 SCA spend and referred to the circulated summary. Investment items were RAGged accordingly, with notes as necessary. There had been a slight underspend overall in 2021; certain items had been carried over to 2022. There was a breakdown of the way the fund set aside for general refurb and emergency items had been utilised. Trustees were directed to the overall costed funds, which linked into projects on the individual schools' 10-year plans (circulated). The recorded square metreage for SHP would be adjusted next year. SCA funding totalled £1.994m and the full plans for its allocation had been discussed with the Trustees scrutiny group, the MAT executive, school leadership and, where necessary, LGBs.
- 3.2 The Chair asked about the scrutiny process. A Trustee confirmed that appropriate questions were asked and there was an appropriate degree of scrutiny. Trustees on the scrutiny group were happy with the end result and recommended the investments as outlined.
- 3.3 **Resolved:**  
Trustees approved the SCA investment for 2022 approved, as per the circulated plans.
- 3.4 Mr Holah summarised the position re: overall compliance. Matters were in hand to address those 'red' items listed. All of the reds had been better displayed and explained and this

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addressed the action point from last meeting. The Chair welcomed the additional information.

- 3.5 Mr Holah reflected on the overall Every training compliance. Replying to a Trustee question, it was noted that the system is not fully adopted, with 127 users from a total expected population of 165. This gap was explored and further follow-up with Headteachers discussed. Schools with lower usage of Every should have this tracked via the safety action plan, where it could be escalated if necessary. The Chair wanted to see a report capturing all of the 165 users that should be on there. Could that be done? Mr Holah said that he could do this.

MB

#### 4.0 Minutes of the Last Meeting – 29<sup>th</sup> June 2021

##### 4.1 Resolved:

Trustees agreed that the minutes of the last meeting, held on 29<sup>th</sup> June 2021, were a true and accurate record of that meeting. The minutes were duly approved.

#### 5.0 Action Plan and Matters Arising

- 5.1
1. Mr Holah to ensure commentary on 'red' items contained sufficient detail.  
*Completed.*
  2. The COO to complete work on the Business Continuity Plan and address issues with the Asset Register in certain schools.  
*On agenda.*
  3. The CEO and COO to make clear to LGBs the need for plans to be submitted to the November FAR that would outline the steps that would be taken to address budget deficits.  
*On agenda.*
  4. The COO to complete work on a licensed deficit policy.  
*Carried forward.*
  5. All Trustees to familiarise themselves with the new Academies Handbook.  
*Completed.*
  6. The COO to update committee on progress regarding the catering contract and procurement.  
*To be covered at Full Board.*
  7. All Trustees to consider making their NI details available to the Trust.  
*Matter in hand.*
  8. The CEO to check with HR the point raised about the headteacher retention payment in relation to any banding change.  
*The CEO noted that this was a moot point for reasons disclosed to committee.*

#### 6.0 Finance

##### 6.1 Autumn Budget Commentary (papers circulated)

The COO started by giving a summary of the Management Accounts to Statutory Accounts and the adjustments therein. Adjusted funds reported to Trustees totalled £964k. The total adjusted funds from the statutory accounts (net of unrestricted and restricted funds) was £971k. There was a favourable difference of £7k.

Pupil projections showed that five schools were negative on actuals vs. projected. Explanations were provided in the commentary. Overall though, pupil numbers across the Trust were +5 on projections.

With reference to the budget outturn 2020/21 information, there had been large swings in TGS and SHS due to Covid factors. These were not year on year savings. The schools now needed to make strategic use of their reserves moving forward and show how they were going to invest those reserves for the benefit of students. The school-by-school breakdowns and the variances therein were available to Trustees in the meeting papers. The COO asked if there were any questions at this stage.

A Trustee questioned a variance of £5k between the brought forward balances and the reported in year balance of £964k. The COO said that the £5k in question was a bursary amount and was moved to the balance sheet under creditors; bursary funding.

Covid funding to bring forward totalled circa £123k. There were two new grants this year totalling £105k across all the schools. All levels of governance needed to monitor spend and impact; this was an important requirement attached to the funding. There were further details in the commentary.

Was it easy for schools to access tutoring services? Should the Trust consider combining funds and deliver this via an in-house tutoring programme? The CEO explained that the MAT could and would invest in upskilling staff to deliver tutoring programmes. The CEO would report more on the planning and impact of this in the Spring term CAS meeting. Some schools were accessing national tutoring programmes and that was fine. The CEO agreed that an in-house offer would be a big help to most schools. Trustees welcomed the in-house solution. The CEO would be challenging school leaders on this at next round of continuing conversations.

The revenue budget surplus for 2021/22 had been projected to be £168k at Start Budget and now the Trust was looking at a slightly improved surplus of £190k. The situation would be reviewed again in February but at this stage the COO was wary of the stated beneficial position, believing that there were factors that might overturn that between now and February.

With regards overall reserve balances and the projected three year positions, two schools required recovery plans as outlined in the meeting papers. Kirk Fenton's deficit had now been addressed and the previously agreed loan was no longer required. Trustees welcomed this news. Brayton had managing some long-term absences. The MAT had agreed to provide £17.7k support for absence supply cover in these extraordinary circumstances, which Trustees agreed. SHP had used £10.6k of their reserves to fund resources investment in EYFS. Local governors were in favour of this and the COO could see the merit. Trustees were happy to endorse use of the reserve balance.

#### 6.2 Debt Recovery Plans Confidential minute.

#### 6.3 MAT Central Budget There was a £20k positive variance on the projected in-year position, due to some projects not being implemented as planned in the year. Currently, the 2021/22 year was showing £3.8k up on forecast. Trustees noted the positive positions.

#### 6.4 Central Finance Team Structure The COO disclosed that there was a resignation from the Trust Accounting Manager and Trustees should consider how a replacement would align the current role and improve the team's capacity. A revised structure could better produce weekly and monthly compliance requirements and necessary support for schools. The risks outlined by the external auditors and those in the risk register had to be addressed. The COO reflected on the current structure, with part-time and term-time only staff leading to some inefficiencies. The structure impacted on the COOs ability to prioritise strategy over operational matters. The Trust Finance Leader would take on responsibility for key processes and their delivery. This would be a Grade M full time / full year post. The new structure would also provide the necessary coverage over the summer period and that would hopefully prevent some of the issues identified by the auditors arising in future. This would also give the Trust a head start into the busy autumn audit season. The CEO noted that this revision to structure had been discussed with him on several occasions. The CEO felt that the new structure was needed to improve capacity and leadership in the team and bring in a tighter level of oversight. It was a commendable plan, with an appropriate structure. It was also mindful of potential growth of the Trust and the need to build in some capacity and better skills.

In reply to a question about extra costs re: EPM's support, the COO said that there would not

be an increase in costs but the Trust would use its support hours differently.

**Resolved:**

Trustees approved the new Central Finance Team Structure as outlined.

6.5 Investment Policy

The COO said that there were a number of points to consider in this area and suggested that a working party be put together, who could put recommendations to the committee at a future date. The Chair said that the Trust needed a fund manager, someone who could advise on investment and risk. The Chair, Peter Wilson and Richard Coy to form the scrutiny working party. A meeting to be scheduled in the new year.

6.6 Central Services KPIs

This was a 'red' item carried forward from last year. The COO acknowledged that it was still not a complete piece of work but the process of devising KPIs was under way. The COO would look to seek approval of final KPIs at FAR in March. These could then go to the LGBs in time for their Start Budget meetings in June.

Would there be measurable KPIs? Yes, there would be some SMART targets, although those that related to internal objectives might not be as precise as some of those applied to external providers. There would be a mixed position on KPIs.

7.0 **Internal Audit**

Prior to the meeting, Trustees had received the 2020/21 summary review, along with audit reports covering Payroll and Budget Management.

7.1 Summary Review

Noted.

7.2 Payroll

The report had only been received yesterday. Payroll services had been switched to a new provider. No risks on conversion to NeoPeople had been identified, however, internal process risks were identified. Sample documentation from schools showed evidence of missing information. All of the files on staff needed to be complete. Payroll authorisation processes were in place but the COO acknowledged that follow up procedures needed to be strengthened. This had been addressed. Monthly checking procedures needed to be underpinned by robust processes; with these outlined in a manual for schools. Other findings were low rating but did identify a need to clearly identify who did what at each level within the Trust. The COO clarified that no person could authorise their own overtime or payroll records. The Chair was disappointed at this stage to see monthly checking and other basics coming up on an audit but was assured by the fact that matters were in hand to address them.

7.3 Budget Management

There were only two open items to address and the COO assured Trustees that those points had been taken on board and would be dealt with.

8.0 **HR, Payroll and Staff Wellbeing**

A RAGged contracts update had been circulated prior to the meeting.

8.1 Employee Benefits

From tomorrow all staff would have access to the Everybody Benefits framework. This was largely an operational matter but the committee was asked to sanction the introduction of a Cycle to Work Scheme, specifically the cap per employee. The COO proposed a cap of £1000 per employee. Monies were repayable in 12 equal instalments. The risk to the Trust was in a scenario where a final balance exceeded the final salary amount to be paid to a departing employee. This was a very low risk item but needed to be flagged to Trustees. Trustees debated the motion to introduce a scheme.

**Resolved:**

Trustees approved the use of a Cycle to Work Scheme with a cap of £1000 per employee.

**9.0 Risk Register**

The RAGged risk register, along with a commentary/evaluation report, had been circulated prior to the meeting.

9.1 There had been minimal movement, apart from those matters noted earlier re: finance structure.

**10.0 Policy Review**

A new Business Continuity Plan had been circulated for review prior to the meeting.

**10.1 Resolved:**

Trustees approved the policy as circulated.

**11.0 Any Other Business**

None.

The meeting closed at 8.15pm.

**Date of Next Meeting:** 1<sup>st</sup> February 2022 at 5.30pm

**Actions from the Meeting:**

**These minutes were approved at the FAR committee on 1<sup>st</sup> February, 2022.**