

STAR MAT Board of Trustees Finance, Audit & Risk (FAR) Committee - Virtual

Minutes of the meeting held on 29th March 2022 at 5.30pm, using Google Meet

Present:

Tom Fielden (Chair)	Peter Wilson
Deborah Hastie from 18.15pm	Richard Coy
Simon Peacock	

In attendance:

Ian Yapp, CEO STAR MAT
Melissa Boyes, COO STAR MAT until 20.15pm
Sam Vince (Clerk)

1.	<p><u>Welcome, Apologies for Absence and Declarations of Interest</u></p> <p>The Chair welcomed everyone to the meeting. All Trustees were present.</p> <p>There were no declarations of interest in regards to the items on this agenda.</p>													
2.	<p><u>Minutes of the full governing body meeting held on 1st February 2022 including confidential minutes – previously distributed</u></p> <p>The Trustees were in agreement that both sets of minutes were a true and accurate record of the meeting.</p> <p>The Trustees duly approved both sets of minutes.</p>													
3.	<p><u>Action Plan and Matters Arising</u></p> <p>With reference to the Action Plan:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #cccccc;"> <th style="width: 5%;"></th> <th style="width: 40%;">Action</th> <th style="width: 55%;">Status</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>Trustees requested the response from the Diocese regarding licences was confirmed in writing as mitigation against the risk of losing the licence.</td> <td>Carried forward – documents from the Diocese were circulated with the agenda. However, the COO was asked to confirm whether there was any distinction between land and buildings in regard to the license and site Trustee status.</td> </tr> <tr> <td style="text-align: center;">2.</td> <td>The recorded square metreage for SHP would be adjusted next year (confirmation this had been actioned).</td> <td>Completed.</td> </tr> <tr> <td style="text-align: center;">3.</td> <td>The Chair wanted to see a report capturing all of the 165 users that should be on there (Every).</td> <td>Carried forward.</td> </tr> </tbody> </table>		Action	Status	1.	Trustees requested the response from the Diocese regarding licences was confirmed in writing as mitigation against the risk of losing the licence.	Carried forward – documents from the Diocese were circulated with the agenda. However, the COO was asked to confirm whether there was any distinction between land and buildings in regard to the license and site Trustee status.	2.	The recorded square metreage for SHP would be adjusted next year (confirmation this had been actioned).	Completed.	3.	The Chair wanted to see a report capturing all of the 165 users that should be on there (Every).	Carried forward.	
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4.	Add the financial risk associated with the increase in energy bills to the risk register.	Completed.																														
5.	Issue revised staffing proposal paper to Trustees prior to implementation (for additional workload for staff going on long term leave)	Completed – and on this agenda.																														
6.	Undertake a procurement process for the HR contract.	Closed – on this agenda.																														
7.	Issue a comparison table of costs from the two bids for the governance contract to the working party	Closed – on this agenda.																														
	Confidential minutes																															
1.	Confirm whether the full Board of Trustees needed to approve changes to salary bands.	Completed – it was confirmed the Full Board did need to approve this.																														
<p>Matters arising <i>A Trustee challenged whether the letter from the Diocese of York actually provided the reassurance they were seeking in terms of buildings.</i> The COO confirmed that any spend over £2,000 on buildings on land owned by the Diocese had to have prior Diocese approval regardless of funding. She also noted it was very clear and documented who owned the land and the buildings. However what was less clear was what the Trust’s responsibilities were in relation to buildings, especially in regards to future investment. It was agreed the CEO would ask the Diocese for clarity in regards to the Trust’s responsibilities for the buildings.</p>			CEO																													
4.	<p>Finance</p> <p>4.1 Central Team revised budget – previously distributed The COO highlighted the key points to Trustees;</p> <table border="1" data-bbox="161 1339 1377 1720"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Start Budget</u></th> <th style="text-align: center;"><u>Forecast Outturn 21/22</u></th> </tr> </thead> <tbody> <tr> <td>Income</td> <td style="text-align: right;">£1,642,400</td> <td style="text-align: right;">£1,666,600</td> </tr> <tr> <td>Total Staff costs</td> <td style="text-align: right;">£ 632,100</td> <td style="text-align: right;">£ 647,000</td> </tr> <tr> <td>Total Other costs</td> <td style="text-align: right;">£ 920,500</td> <td style="text-align: right;">£ 959,500</td> </tr> <tr> <td>Surplus/(Deficit) In Year</td> <td style="text-align: right;">£ 89,800</td> <td style="text-align: right;">£ 60,100</td> </tr> <tr> <td>Forecast reserves b/f</td> <td style="text-align: right;">£ 479,000</td> <td style="text-align: right;">£ 479,000</td> </tr> <tr> <td>Cumulative Reserves</td> <td style="text-align: right;">£ 568,800</td> <td style="text-align: right;">£ 536,100</td> </tr> <tr> <td>Brayton Support – reserve movement</td> <td style="text-align: right;">£ 36,500</td> <td style="text-align: right;">£ 36,500</td> </tr> <tr> <td>Minimum reserves target @3% GAG</td> <td style="text-align: right;">£ 595,500</td> <td style="text-align: right;">£ 595,500</td> </tr> <tr> <td>Above/under reserves target</td> <td style="text-align: right;">£ -63,200</td> <td style="text-align: right;">£ -95,900</td> </tr> </tbody> </table> <p><i>Trustees noted the Central Team revised budget showed it was under the reserves target. No other comments were raised.</i></p> <p>4.2 Trust Revised budget and MTFP – previously distributed</p> <p>4.2.1 Pupil Numbers update – the COO confirmed there were 4,167 students this year, 4,253 next year and a slight increase moving forwards of 4,287.</p> <p>4.2.2 Commentary with RAG – the COO noted there was a slight upward variance of approximately £73,000 which would increase the brought forward balance to £2,685,000. She noted the revised budget matched the monthly management accounts and nothing unexpected had arisen. The</p>		<u>Start Budget</u>	<u>Forecast Outturn 21/22</u>	Income	£1,642,400	£1,666,600	Total Staff costs	£ 632,100	£ 647,000	Total Other costs	£ 920,500	£ 959,500	Surplus/(Deficit) In Year	£ 89,800	£ 60,100	Forecast reserves b/f	£ 479,000	£ 479,000	Cumulative Reserves	£ 568,800	£ 536,100	Brayton Support – reserve movement	£ 36,500	£ 36,500	Minimum reserves target @3% GAG	£ 595,500	£ 595,500	Above/under reserves target	£ -63,200	£ -95,900	
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reserve balances by school were highlighted with no schools in a negative position. None of the schools were in deficit and were not forecasted to be in deficit in the following two years (it was noted that one school showed as being in deficit but this was an accounting issue and the school was not actually in deficit).

4.2.3 KPIs – no comments were noted.

4.2.4 Update on Riverside budget – it was confirmed that the school had a very healthy balance but falling pupil numbers continued to be a significant financial risk.

4.2.5 Update on Appleton Roebuck – it was noted the staffing structure would be reviewed and the MAT was addressing administrative improvements identified at the school.

4.2.6 Confirmation of Brayton’s final support payment – no comments were noted.

A Trustee challenged that two schools had had three continuous years of being in a deficit position but they were only rated as amber and queried why.

The COO responded that the primary school noted by the Trustee had received a resignation which had allowed them to retain three classes but the Trust was keeping a close eye on pupil numbers. It had also been suggested that there was a need for the panel to meet biannually to look at pupil numbers and staffing projections. A partner school within the MAT was also assisting the overall position of both schools.

The secondary school noted was in the process of trying to spend their reserve and it was acknowledged the Trust needed to understand what their plans were in regards to this to ensure they were being used in the best way, bearing in mind the potential growth of the school.

The COO also highlighted an issue with the budget planning system with the numbers suggesting the budget for this school had not been rolled up properly (the school was showing only £11,000 at the end of year 3). Trustees agreed this school’s budget should be closely monitored as the position presented was a concern and agreed the CEO should ask them about their growth modelling. The COO confirmed the school were being very prudent with their staffing and her suggestion was the reports causing concern were an error in reporting to the Trust. Trustees requested the budget figures provided for this school be verified and if they remained the same, that the school’s RAG was changed to red.

Post meeting note

It was confirmed by the COO following the meeting that the figures provided for the secondary school for this meeting were inaccurate due to an error with the rolling up of the data by the school and the correct budget had been reviewed by the LGB. There were no areas of concern for this school following review of the correct budgetary information.

The COO confirmed that the Trustees were no longer required to approve this budget to send to the ESFA as the revised budget was now submitted with the Start Budget.

A Trustee asked whether the central support provided to the primary school had been factored into the staffing model.

The COO confirmed the team was buying in additional hours from another member of staff in the Trust which may need to continue depending on the on-going situation with the school in question but the other work was being undertaken by existing staff. Given processing concerns, it was likely the invoice processing and budget management would have been undertaken centrally anyway but the central team would be able to hand it back in a stronger position when the time came.

KPIs

The COO informed Trustees LGBs were using different data so she advised all of the schools should be put through the DfE KP metrics tool to ensure they were using the same calculations and they could be rated consistently. She noted one of the schools had reported a contact ratio incorrectly instead of a pupil to teacher ratio.

CEO

4.3 2022/23 Central Start Budget and MTFP – previously distributed (4.3.1 Proposal for Central Fee for 2022/23 (incl 2022/23 GAG Statement), 4.3.2 Central Fee Statement 2022/23 with KPIs (to be presented to Full Board), 4.3.3 Assumption paper for schools, 4.3.4 Commentary template for schools)

[Deborah Hastie joined the meeting at 18.15pm.]

The COO informed Trustees that the 2022-23 central MAT budget projected an in-year deficit with an overall projected reserves position of £436,000 at the end of 2022-23 and further in-year deficits would erode the level of reserves to -£141,000 by the end of 2025-26. The draft budget was projecting to be under the minimum reserve target in all years. The COO then went on to describe eight strategic projects which could be included but were currently excluded from the draft start budget, as well as three key options to assist with the central Start Budget i.e. grow, look at different funding models and limit the services the central team provided.

It was also highlighted schools were financially much healthier and had good reserves with the challenge raised by the COO as to whether some of the reserve money should be shared via the central team to help to fund initiatives which were beneficial to the Trust as a whole.

A Trustee voiced their concerns about relying on growth to bring more funds into the Trust and noted some schools had good budget positions as a direct result of the MAT central support. It was acknowledged by Trustees that schools wished to hold some funds in reserve to manage the risk of rising energy costs. Trustees queried whether it was possible to separate the strategic projects into priority order and raised concerns about the rate of spend.

The CEO explained substantive school improvement capacity in year two had been included and Trustees agreed that capacity was required if the Trust grew but all of the initiatives could not be undertaken without additional income being received. Trustees discussed the risks and level of palatability of those and suggested the Digital Technology lead could be delayed as some work in this area was already being progressed, but recognised this would only be an £80,000 reduction.

Trustees agreed the budget must only show the Trust as it stood and should not include anything related to growth and there was a balance to be struck between the schools holding enough in reserve and ensuring the central team was funded adequately for all of the work they undertook to benefit the Trust as a whole.

The COO noted impacts to schools were less if any funds were taken from reserves rather than GAG funding (which funded staffing models). It was agreed the COO should provide another model to reflect taking some of the school's reserve funds. Trustees felt this was justifiable based on the services the central team provided to all schools and challenged whether all central support costs were recovered from schools.

Trustees agreed to propose to the Full Trust Board that the central charge be increased by 0.5% which would provide an additional £109,000 and address half of the expected deficit in the central team.

Trustees noted concerns about potentially driving the wrong behaviours in schools in terms of 'hiding' reserves.

This was acknowledged by the COO and the CEO and they agreed this decision would need to be carefully messaged and monitored. Schools should be reminded that charges were reviewed every year which would foster an environment of expectation in regards to any changes to charges.

A Trustee queried the 'other employee expenses' figures in the Trust revised 21/22 budget and MTFP appendix of -£78,000 in year 2 and -£100,000 in year 3.

The COO stated she thought this was due to how statutory maternity pay was reported but would

COO

COO

	<p>take an action to confirm this was the case.</p> <p>The COO highlighted to Trustees that the assumptions for the central start budget were in line with previous years apart from teachers’ pay rises from September. No queries or concerns were raised by Trustees and they approved the assumptions to be issued to schools.</p> <p>4.4 Proposal for a new Business Planning software – previously distributed</p> <p>The COO summarised the main benefits of purchasing IMP business planning software and confirmed this was the only MAT built budget planning system available. It included an excellent reporting suite and had a direct link with Sage. The key benefit would be the whole Trust would work off one system with assumptions loaded at the top level, which would flow down to schools. It would also highlight any changes made to the assumptions by the schools. It would also enable budgets to be interrogated on a rolling monthly basis and allow the MAT to undertake scenario planning. It would also save the schools and the central team a lot of time. The system had been demonstrated with the Budget Management group and had received positive feedback. The COO confirmed the cost of the system would be cost neutral in two years and would reduce reliance on key people as all information would be contained within the system.</p> <p><i>A Trustee queried why there were two EPM lines in the costs.</i></p> <p>The COO explained additional EPM costs were included as the Trust was locked into the EPM strategic finance contract until 2023 and they were buying additional support days from EPM for them to check schools were building their budgets correctly which wouldn’t be required once the new software was being used.</p> <p>Trustees agreed there were significant benefits to purchasing this business planning software and approved the purchase.</p>	
5.	<p>HR & Staffing Update – previously distributed</p> <p>5.1 Central Team update – for information 5.2 TPS Indexation – for information 5.3 Backdates support staff pay award for leavers – for information 5.4 Digital Technology Leader role – recommendation to the Trust Board</p> <p>Trustees agreed they had no comments or questions to raise on items 5.1, 5.2 and 5.3 and proceeded to discuss 5.4 in more detail. The COO was asked to describe the role and confirmed it was at a strategic level and included areas such as cyber security and IT infrastructure, as well as managing on-going replacement of IT equipment such as the free equipment provided to schools during lockdown.</p> <p><i>A Trustee asked whether the IT leads in the high schools would report to this role.</i></p> <p>The COO confirmed they would not initially as the role would concentrate on the longer term vision for digital technology in the Trust.</p> <p><i>A Trustee challenged that the new role should be co-ordinating what was happening in the schools.</i></p> <p>The COO confirmed the Trust already had buy-in from the High schools for a Trust-wide approach to IT and the High Schools were already working together. It was agreed the Headteachers of the High Schools should be invited to be involved in the recruitment for this role.</p> <p>Trustees agreed to recommend the progression of the Digital Technology role to the Board, with the timescales dependent on funding.</p>	

6. **Contracts, Procurement and Operations** – previously distributed

6.1 Cleaning (for information)

The COO confirmed routine audits for cleanliness continued and the Trust would receive a refund of £9,000 this year and £12,000 next year as they had tendered for full year cleaning posts but hadn't moved to full year posts.

6.2 Governance (for information) – no comments were raised.

6.3 HR Advisory (for information) – no comments were raised.

6.4 NYES Energy Procurement (for information) – no comments were raised.

6.5 Proactive Communications (for information and approval)

The COO confirmed the Trust was already signed up with Hamilton communications and they were seeking Trustee approval for a contract with Proactive Communications at £500 per month during term time only. Both of these contracts had been included in the budget. She confirmed it was possible to use more resource than the £500 budget but if the central team or schools wished to do so, they would have to pay additional costs themselves. The £500 budget would be used against priorities.

A Trustee asked whether there were any agreed KPIS or success factors, how could they be measured and what success looked like.

The CEO confirmed there were some KPIs in the contract, for instance, to have a minimum number of press releases produced per month. The aim of this contract was to increase positive media coverage and positive drivers in social media. More KPIs could be requested if required but all schools would have different needs and the aim was to promote the brand identity of the Trust, both of which would be difficult to add KPIs against.

Trustees agreed it was important to have clear intentions for the press releases, not just coverage for coverage sake. It was also confirmed the contract was for a period of one year and it included a notice period.

Trustees agreed to approve the Proactive Communications contract on the basis they regularly reviewed what was being produced to ensure the contract was still fit for purpose.

6.6 Catering (for discussion and decision)

The COO confirmed a working party was in place to review catering and issues continued with the provision from North Yorkshire County Council. However North Yorkshire had asked the Trust to leave by the end of the summer term in July.

A Trustee asked why North Yorkshire wanted the Trust to leave.

The COO explained the Trust was very demanding in terms of receiving the service North Yorkshire was supposed to provide and there had been a number of occasions when the service had not met expectations. They had also negotiated a very good price which was no longer a realistic cost basis for North Yorkshire and it was assumed they were losing money on the provision they provided to the MAT.

A Trustee noted they had only negotiated this three year contract fairly recently and was there any form of compensation available to the Trust.

The COO confirmed there was no compensation available and North Yorkshire just planned to let the Trust leave but no formal termination had been received as yet. She confirmed North Yorkshire were allowed to give the Trust notice as part of the contract.

The COO informed the Trustees that the working party did not wish to go out to tender as they did not feel another provider would give the MAT what they needed (better staffing and control over menus). It had been proposed to introduce their own catering provision within the MAT. Initially this would only be for the Primary schools as one high school already had their own in-house catering and the other currently remained with North Yorkshire. The COO confirmed that the

primary schools were incredibly supportive of the idea of in-house catering and the Estates Director was also very enthusiastic about running the provision, which he had overseen in a prior role. A member of the working party concurred that the primary schools were very keen for the catering provision to move in-house.

The COO highlighted that in-house provision presented tremendous risk to the MAT, particularly in terms of food costs and staff absence. However the COO felt that paying a premium for an outsourced provider would not necessarily eliminate these risks.

It was proposed the MAT would need to secure an outsourced consultancy who had worked with other Trusts to implement an in-house catering provision to ensure it could be achieved in time. This consultancy had been chosen by procurement, with Red Box being the chosen provider. They had experience of delivering this change and driving the whole process from hiring catering experts to managing the transition. The cost of £13,000 had been factored into adoption leave so there were no additional costs to the Trust for this consultancy.

The COO stated moving to an in-house catering provision would also mean a change to the financial modelling for schools who would need to underwrite the risk of not having school meals, with all Free School Meals (FSM) grants going into the central pot. However it was anticipated the risk of a reduction in school meals numbers would be mitigated by the standard of food being better and employing a catering manager who was focused solely on the MAT.

A Trustee challenged they did not feel they understood the structure of the proposed in-house provision, how the transition would work and that they had enough detail in regards to costings. They also challenged whether a comparison to the tenders received in the previous year was appropriate in the current climate.

The COO explained the proposed structure with the Estates Director overseeing the whole provision, the Catering Manager reporting to him and the school teams reporting to the Catering Manager. Currently the management from North Yorkshire was not providing the expected service to the MAT as their manager had to manage multiple schools and had been doing more cooking than managing. She also confirmed kitchen staff would transfer to the MAT under a TUPE arrangement.

She added that the food costings had been done by the Estates Manager using current market rates with standard meals but acknowledged more work needed to be done in this area. However, the outsourced arrangement with Red Box would run scenarios for them. The budget had been based on charging £2.50 per meal which was benchmarking suggested was in line with other schools and the COO confirmed that whatever option they chose (including staying with North Yorkshire) would mean an increased meal price.

The COO went on to explain next steps to commission Red Box who would outline a project plan with all activities included and her intention to split the working party into individual work streams.

A Trustee raised a concern there weren't any visible training costs in the data and that these could be substantial.

The COO confirmed these were included under other operational costs and also under Health & Safety for those elements.

Trustees acknowledged that even though schools currently made a profit on meals not taken, this would not continue even if the MAT stayed with North Yorkshire as they would have to increase charges to the MAT to make it profitable for them. Although the costs showed it would cost the MAT £40,000 to run an in-house provision, they were sure it would cost at least that, if not more, in the current climate if tenders were requested.

Trustees explored whether there was a local MAT who ran in-house catering they could join (there wasn't) or whether the MAT could trade their service once established, which could be a possibility for future consideration.

The COO was actioned to speak to North Yorkshire to confirm the route they planned to take, to obtain a project plan from Red Box and to undertake more modelling on the numbers.

COO

	It was agreed a small Trustee group would be formed to move this forward assuming the full Board of Trustees approved the decision to proceed in the next week.	
7.	<u>Growth and Mobilisation</u> – previously distributed for information only. Trustees noted the reports and updates provided on growth mobilisation and acknowledged that investigations were on-going. Operational and growth priorities were discussed, as well as the White Paper which had been recently published.	
8.	<u>Policies for review/approval/acknowledgement</u> – previously distributed <u>Policies for approval</u> Finance Manual (approval to increase Trust Finance leader purchase order approval limit) Trustees agreed to defer the review and approval of the whole Finance Manual (not just the purchase order increase) to the next meeting. <u>Policies to acknowledge receipt of</u> None were tabled.	Agenda - FAR
9.	Any Other Business (including any business to be escalated to the Full Board) Position for the SCA allocation this year – raised by the COO The COO shared a paper on screen in the meeting and noted this information had been received that day. The allocation was confirmed as £1,283,000 as the DfE was no longer giving the protection factor. Funding up until 2024-25 was also explained. The COO stated the working party would need to reconvene given they had approved spend of £1,700,000 and the allocation was only £1,283,000. Impacts on subsequent years would also need to be considered. [Melissa Boyes left the meeting at 20.15pm prior to the item of confidential business being discussed.]	
10.	Confidential item of business Please see confidential minutes for details of the business discussed in this item.	
11.	Date and time of the next meeting: 28 th June 2022, at 5.30pm	

The meeting ended at 20.28pm following discussion of the confidential business raised.

Signed:

Date:

Tom Fielden (Chair of FAR Committee)

**ACTION PLAN FROM THE STAR MAT BOARD OF TRUSTEES FAR COMMITTEE MEETING
HELD ON 29th MARCH 2022**

Action	Item	Person(s) Responsible	Timescale
1. Trustees requested the response from the Diocese regarding licences was confirmed in writing as mitigation against the risk of losing the licence. Confirm whether there was any distinction between land and buildings in regard to the license and site Trustee status.	3	COO (MB)	By the next meeting

2.	The Chair wanted to see a report capturing all of the 165 users that should be on there (Every).	3	Estates Dir (RH)	At the next meeting
3.	Ask the Diocese for clarity in regards to the Trust's responsibilities for the buildings.	3	CEO (IY)	By the next meeting
4.	Ask the secondary school (whose budget had been noted as a concern) about their growth modelling	4.2	CEO (IY)	July Full BoT
5.	Profile another model to reflect taking some of the school's reserve funds.	4.3	COO (MB)	5 th April (Full BoT)
6.	Confirm the anomalies raised in the 'other employee expenses' figures in the Trust revised 21/22 budget and MTFP appendix of -£78,000 in year 2 and -£100,000 in year 3 were due to how maternity pay was reported.	4.3	COO (MB)	At the next meeting
7.	Speak to North Yorkshire to confirm the route the MAT planned to take, to obtain a project plan from Red Box and to undertake more modelling on the numbers.	6	COO (MB)	At the next meeting

Items for the next meeting:

- Finance Manual approval