

Meeting Minutes
Trust Audit, Finance and Resources Committee
Wednesday 25 September 2019, 5.30pm
Cranbrook Education Campus

In attendance:

Alex Walmsley –Chair (AW)	Rob Bosworth (RB)
Philip Bostock (PB)	Beccy Mitchell (RM)
Moira Marder (MM)	Josie Medforth –Director of Operations (JM)
Sue Pym – Director of Finance (SP)	Melody Floyde - Clerk to the Trust (MF)

Item Ref	Business	Action
1.	<p>Welcome and Attendance</p> <p>The meeting opened at 17:35. It was agreed to defer JM’s presentation and instead to circulate the slides with the minutes for information.</p> <p>Action: MF to circulate JM’s presentation on Public Sector Procurement with the Minutes.</p> <p>AW welcomed all present. Apologies were received from Richard Jacobs (RJ) and Alison Layton-Hill (ALH).</p>	MF
2.	<p>Declarations of Interest –the following were noted:</p> <ul style="list-style-type: none"> - RB: Exeter College, in relation to apprenticeships offered to TWMAT students. - RM: Employed by Exeter University, in relation to related party transactions. 	
3.	<p>Minutes of Previous meetings</p> <p>The minutes of the meeting held on 05.06.19 were approved as a full and accurate record. The actions from the previous meeting were reviewed and all had been completed.</p>	
4.	<p>Matters Arising</p> <p>The financial implications of TWMAT’s Partnership with Sparx and Related Party Interests were covered later in the meeting.</p>	
For Monitoring		
5.	<p>LGB Minutes</p> <p>Minute summaries from Exwick, Isca and West Exe were received. There were no issues to report.</p> <p>JM confirmed that ALH has fed back to LGB clerks about picking up queries with Trust policies outside of the minutes of these meetings.</p>	
6.	<p>Trust Finances</p> <p>The Management Accounts for 2018/19, medium term financial position, balance sheet and dashboard indicators were circulated. SP presented the headlines from her report.</p> <p>These are recorded in full in Part B of the minutes.</p>	

<p>7.</p>	<p>Capital Programme 2018/19</p> <p><u>School Condition Funding</u></p> <p>A summary of the Trust Capital Programme for 2018/19 was circulated. JM provided a running commentary for the meeting and confirmed that projects highlighted in blue on the spreadsheet would need approval as costs had come in slightly higher than the original estimates. This will be accounted for next year by adding in contingencies to original estimates.</p> <p>It was noted that across the board a lot has been achieved and there is a noticeable difference within the schools. The Headteachers are pleased with what has been delivered.</p> <p><u>Whipton Barton Primary School Building Programme</u></p> <p>JM confirmed that the Whipton Barton building programme will go to the Growth Working Group. RB queried if this was the correct group and AW cautioned on having endless working groups.</p> <p>JM confirmed that she and Victoria Strickson would be involved in the project team and that it would also be beneficial to have teacher/staff representation. It was noted that the project needs to be managed properly on the ground as the work will be undertaken whilst the school is operating. JM confirmed that there is no set start date yet.</p> <p>It was agreed that this project will report into the AFR Committee. JM will produce governance documents for Gary Read for his approval.</p> <p><u>CEC Extension</u></p> <p>School Capital is usually around £350k per year.</p>	
<p>8.</p>	<p>Independent Internal Audit</p> <p>SP confirmed that the purpose of the report was to raise awareness of internal audit scrutiny. SP had identified that pupil number returns are not currently being scrutinised and that this needs to be added to the October/November programme as we are currently not compliant with that section.</p> <p>The Internal Audit Scrutiny is undertaken annually, auditors will need to report on this. This year the last audit report from 2018/19 will be provided and the actions identified within that. SP confirmed that the role of the Board is to consider audit plans and to make recommendations. The current key topics are pupil numbers - which SP noted we are currently not strictly compliant on; risks attached to the Trust's expansion with extra focus needed on Whipton and St Luke's; The introduction of new Systems for payroll and nursery; and Cyber Risk which the Trust is currently working on following the Whipton incident. AW noted that all areas are being covered.</p> <p>SP noted that the current systems in the incoming schools are poor. This poses a high risk as the quality of information is not there. SP confirmed that school auditors do visit the schools.</p>	

	<p>PB queried what the risk was on Pupil numbers. SP confirmed that this was around ensuring accuracy and not over forecasting. The committee were confident that this would not be a problem for TWMAT.</p> <p>The draft report had been suggested by the internal auditors. The Committee agreed that they were happy to approve it.</p> <p>Action: SP will add pupil numbers into the Internal Audit Report and ensure that the focus remains on new schools.</p> <p><u>Cyber awareness</u> – significant work has been done in this area since the Whipton malware incident. JM confirmed that she is working on developing a cyber-response for any future incidents, so that these are managed in a standard way.</p>	SP
9.	<p>Risk Impact Review</p> <p>The updated Risk Register had been circulated and was reviewed at the meeting. The discussion is recorded in full in Part B of the minutes.</p>	
For Approval		
10.	<p>Policies Update</p> <p>SP confirmed that the Financial Regulations and Trust Expenses policies had been re-written. These have also now been deployed in the Plymouth Schools.</p> <p><u>Financial Regulations</u></p> <p>SP requested clarification on whether the committee needed to know when schools were tendering for items, or if they were happy to receive the report and then sign off the expenditure once the tender process was complete. It was agreed that the Committee were happy to approve expenditure once the tendering process had been actioned.</p> <p>SP noted that the Trust had been trialling payment cards, which are pre-loaded with cash for use on school trips etc. The procedure for this would need to be added in to the policy.</p> <p>SP emphasised that the Financial Regulations document needs to be kept “live” and regularly updated.</p> <p><u>Expenses policy</u> – there are now clear limits on spending and the policy includes a paragraph that states that normal levels of spending do not need explicit approval.</p> <p>RB queried the approval pathway. SP will be drawing attention to this at the Headteachers Operations Conference. The Finance team will also be working with schools on implementing the expenses policy. SP confirmed that the team are focussed on working within individual schools and will be carrying out spot checks to ensure compliance.</p> <p>JM confirmed that the procurement process has been updated. It has been written more clearly and there will be a more centralised approach to help with compliance.</p>	

	<p>The policies were both agreed for recommendation for approval at the next Board meeting. AW thanked SP for her work on updating the policies.</p> <p>It was agreed that the Finance Regulations and Expenses Policy to be recommended for approval at the next Board meeting.</p>	AW
11.	<p>IT Hardware Replacement Programme</p> <p>SP confirmed that this had arisen from the need for better understanding. All schools have agreed to a level contribution of around £25-£35k.</p> <p>The committee reviewed the plan for 2019-20. SP had set out the planned expenditure but noted that this does not include all the hardware required for Sparx.</p> <p><u>Sparx</u> – SP confirmed the cost for Sparx is £2.50 per pupil per year (homework) – free at Cranbrook & St James. The classroom package (including homework) is £10 per year per student and the hardware is also £10 per year per student. Therefore the maximum cost is £20 per student per year. SP has put in a bid for funding for Sparx and is hopeful of a positive outcome.</p> <p>Paragraph 8 of the report highlighted how the cost will build up over the year. TWMAT needs to fund £33k this year to purchase the hardware. SP is confident of finding the funds to pay for this.</p> <p>PB noted that West Exe had expressed a preference for ipads rather than chrome books which would be significantly more expensive and that this would need to be considered carefully.</p> <p>The Trust will need to be mindful of the benefits of Sparx to justify the expenditure. MM confirmed that there is some evidence to date to show positive results. However, caution was needed in being mindful of Sparx’ growth and any implications this could have on results.</p> <p>The expenditure for Sparx was approved by the Committee.</p> <p>The expenditure for the Whipton improvement was also approved.</p>	
12.	<p>Related Party Transactions</p> <p>It was noted that the need for the Related Party Transactions Policy was on the back of national incidents which had had an effect on all Trusts.</p> <p>SP had circulated a report outlining the related party transactions requiring approval by the committee these were:</p> <ul style="list-style-type: none"> • Exeter College – Apprentice Training • Exeter College – Outdoor Education at Haven Banks • University of Exeter – Potential Prom Venue • Uffculme Academy Trust – NQT Induction Service. <p>RB and RM left the meeting for this item due to being related parties for Exeter College and Exeter University respectively.</p>	

	<p>The remaining trustees confirmed that they had read the paper and had reviewed the nature of each of the proposed transactions and the alternatives. Each proposal was discussed in detail and the trustees were happy that for each the market had been tested fully and that the proposed transactions provided best value for money and were in the best interests of the students.</p> <p>The committee confirmed that they were happy to proceed with all of the transactions on the basis of the paperwork presented.</p> <p>It was also noted that the related party transaction notification system seems to be unworkable and that it does not sit comfortably with the Trustees.</p>	
<p>13.</p>	<p>2019-20 Capital Programme Proposal</p> <p>JM confirmed that the report circulated was the first draft which would be added to in November. It was noted that there are two major projects which are not part of SCF funding.</p> <p>JM is currently working with Stephen Farmer on the modelling of Cranbrook Education Campus. There is concern that the campus will run out of space. JM confirmed that she is working to see if cash flow could be put into using the mothballed wing. MM noted that there are currently over 700 pupils and CEC capacity is only 1000. JM will add this project to the top of the proposal. Action: JM to add CEC Project to Capital Programme Proposal 2019/20.</p> <p>It was notable that there was less room modelling at Isca and St James so the focus would now be on St Luke’s and West Exe. It was also noted that St Luke’s is currently the only school with potential to grow.</p> <p>Whipton – JM confirmed that infrastructure work would be needed on the Infant block if no creative solution is found, however she was not looking to spend money there currently. JM emphasised that investment would be needed before it becomes unsafe.</p> <p>St James – The new head teacher may want some internal work. A lump sum has been put in for energy but JM is waiting to see what projects come out.</p> <p>JM proposed that the Trust invested in quick wins i.e. water fountains, recycling bins etc. This was agreed. However, it was acknowledged that it was hard to do too much due to the Sodexo contract in place which restricted some areas. It was confirmed that a request can be put into the specification for the new contracts to ensure that these areas are included in the future.</p> <p>AW noted that the capital grant needs to be spent within two years. JM confirmed that this would not be a problem.</p>	<p>JM</p>
<p>14.</p>	<p>Insurance Renewal</p> <p>An Executive Summary of the Annual Insurance Renewal quote from Zurich was reviewed.</p> <p>JM noted some changes to the existing insurance cover. This is a three year deal with Zurich that follows the same model as the government RPA programme. It was also noted that CEC had moved from the RPA programme to Zurich. Plymouth schools have stayed with RPA as</p>	

	<p>they are separate legal organisations.</p> <p>A slight saving was noted overall given that the policy now covered 7 schools. There was a slight increase in the cost of cyber liability cover due to the incident last year, but all agreed it was good to have had this in place.</p> <p>JM highlighted that there was the option to include Terrorism insurance for an extra £5-7k. It was noted that classification of terrorism is unclear and we are not covered under the current policy for any terrorism related incidents. RM noted that climate/ brexit protests had the potential to escalate.</p> <p>The Committee agreed to go ahead with the proposal and to add Terrorism cover to the annual insurance to be safe.</p> <p>Action: JM to action the Insurance Renewal with additional Terrorism Cover.</p> <p>JM also reported that there would be a single provider tender for all electric plant and equipment servicing. However, engineering inspection costs will increase. JM noted that Estates had been centralised under Victoria Strickson.</p>	JM
15.	<p>PHP Law Legal Services Offer</p> <p>A summary of the Legal Support proposal received from PHP was circulated. A full summary of the discussion is included in Part B of the minutes.</p>	
For Information		
16.	<p>PFI Update</p> <p>JM provided an update on recent developments. A full summary of these are reported in Part B of the minutes.</p>	
17.	<p>School Resource Management Advisor Report</p> <p>This was a positive report. PB noticed that the focus was on the acquisition of the Plymouth schools and requested clarity on the current position with the Plymouth schools. The remit of the report was to look at central services and ensuring they were adequately resourced.</p> <p>RB confirmed that time would be allocated at the full Board Meeting to look at the SRMA and Plymouth schools.</p> <p>Action: MF to ensure that SRMA and Plymouth Schools are included on Agenda for the Board Meeting on 16.10.19.</p>	MF
18.	<p>Academies Financial Handbook</p> <p>This was circulated for information.</p>	
19.	<p>Growth/ Management Agreements</p>	

	<p>Creative School - JM confirmed that contractors have been appointed for the design stage and that they have been given an initial contract to get to the School to the point of tender. They will start work on 11.10.19. At that point a final construction contract will be awarded. Action: JM to send the name of the Creative School Contractors to RB for information.</p> <p>Further discussion on other schools is detailed in Part B of the minutes.</p>	JM
20.	<p>GDPR Audits Undertaken at Schools</p> <p>The audit summary was circulated for information.</p>	
21.	<p>Malware Incident Update</p> <p>JM reported that this was now closed. There was no further notification required to outside agencies as the incident had been contained within the school.</p>	
22.	<p>Finance Team Structure</p> <p>AW acknowledged the great job that SP currently does as Director of Finance and advised that SP has decided to take a step back and move into a Chief Accountant role. The Director of Finance role is currently out for advert and there has been some interest.</p> <p>The committee acknowledged that SP's skills are very highly valued and they expressed pleasure that SP is remaining with the Trust. SP will continue to attend the AFR committee going forwards.</p>	
Any Other Business and Next Meeting Date		
	<p>Any Other Business - None</p> <p>Date of next meeting: Wednesday 13 November 2019, 5.00pm, Cranbrook Education Campus (Moiria Marder's Office)</p> <p>The meeting closed at 7.40pm</p>	

Signed by the Chair of the Committee:



Date: 13.11.19