

Finance & Operations Committee

Monday 1st November 2021

Minutes

Present: Sugra Alibhai
Pamela Chowdhury
Peter Green
Lucy Harrison
Adrian Marrocco (Chair)
James Marshall
Jeremy Ruff
Ellie Smith
Andrew Tebbutt

1.	Governance
2.	Finance Report
3.	Personnel Report
4.	Any Other Business

In Attendance: Ian Hooper
Claire Mugridge
Beth Yap

Minute	Decision /Action	D/A
1.3	To appoint Adrian Marrocco and James Marshall as Chair and Vice Chair of the Finance & Operations Committee respectively.	D
1.4	To approve the Terms of Reference of the Finance & Operations Committee, subject to the agreed changes and additional items.	D
2.1	Claire Mugridge to update the Treasury Policy	A
2.2	Claire Mugridge to confirm that the costs from the Trading Company matches with the year-end accounts.	A
2.4	Trustees to consider what the financial KPIs should be and feed this back to Claire Mugridge.	A
2.4	Clerk to ensure that the KPIs are formally agreed at the next meeting.	A
2.4	Sugra Alibhai and Claire Mugridge to reach out to their contacts to discuss what financial KPIs other Trusts use.	A
2.6	Discussion of the reserves policy to be taken offline and include the Chair of Audit.	A

1. Governance

1.1. Apologies

Aisha Adesanya.

1.2 Declaration of Interest

Adrian Marrocco and James Marshall declared an interest in item 1.3.

1.3 Chair and Vice Chair

It was agreed to appoint Adrian Marrocco and James Marshall as Chair and Vice Chair of the Finance & Operations Committee respectively.

Decision

1.4 Terms of Reference

The Terms of Reference of the Finance & Operations Committee was considered, along with the Academies Handbook and Frontier Learning Trust Finance Manual.

In response to a question from Trustees, the Clerk confirmed that whilst finance policies may be presented to the Finance & Operations Committee for discussion, the responsibility for approving these will remain with the Audit & Compliance Committee.

Trustees questioned why marketing had been removed from the Committee's Terms of Reference and was informed that this would now be the responsibility of the Woodhouse Local Governing Body.

It was agreed that the following items should also be added to the Committee's Terms of Reference:

- Oversight and approval of capital projects (in line with the Finance Policy)
- Oversight of assets including reviewing the fixed asset register
- Reviewing financial information, such as cashflow forecasts and the level of reserves to ensure that the Trust remains a going concern.
- Review of school benchmarking data and financial KPIs.

The Terms of Reference were approved subject to the agreed changes.

Decision

2. Finance Report

2.1 Year End Accounts

Claire Mugridge presented the draft year end accounts (to 31 August 2021), explaining that the external audit is taking place this week and, as this is the first audit since academisation, there may be some disclosure changes.

In terms of income, there was some positive variances as a result of student contributions, with many students donating their book deposits for which the College can claim gift aid.

Overall, the total income for the 8-month period was £5.8m, which was £154k more than the original budget.

EBITDA for the 8 months was £639k, significantly ahead of the budget of £105k and the projected figure of £404k. It was noted that both the ability (under academisation) to recover VAT and covid has had an impact, with lower department and building costs due to the College being closed for a number of months and not spending budgets as usual.

In response to a question from Trustees, Claire confirmed that a recent valuation of the land and buildings took place after academisation. In addition to this, assets have been transferred into the Trust at Net Book Value. This re-assessment of the assets has meant that depreciation for the period has been re-calculated and is now less than originally forecast.

The Committee questioned whether the Trust has reviewed the useful life of these assets, as a result of the use of net book values. Claire confirmed that the Trust's asset register is now very small, and that the valuation of each building was carried out with significant projects being taken into account as well as a review of useful life.

The Committee congratulated SLT on the projected outturn of £332k surplus, coupled with the £117k from the Woodhouse College accounts and confirmed that this would be fed back at the next Board meeting.

In response to a question from the Committee, Claire confirmed that the Trust has accrued everything it should have done for this year.

Trustees questioned where the pressure points in this year's budget are in relation to covid. Claire confirmed that there are issues that come with the rise in the number of cases – such as staff absences, which must be covered, and the mass testing programme that took place in September.

The Committee noted that for this year there was an actuarial gain as part of the annual FRS102 pension accounting and was reminded that, since becoming an Academy, this liability is underwritten by the ESFA.

In response to a question from Trustees, Claire confirmed that the Trust has a Treasury Policy in place but there are strict rules about academies investing money. It was agreed to look into this further, with a view to possibly opening additional accounts at additional banks to diversify the counterparty risk.

Action

2.2 Woodhouse Trading Company

Lettings income was lower than the original budget as a result of covid. The total lettings income for 13 months was £83k, giving a donation back to the Trust of £65k. Trustees were reminded that some of this income was accounted for in the College accounts up to December 2020 and the donation during the 8 months since academisation was £40k.

The Committee noted that the Trust now has a new Lettings Manager and Letting Supervisors and, since September, lettings income is already at £23k.

In response to a question from Trustees, Claire confirmed that she would double check the costs from the Trading Company to ensure that this matches with the year end accounts.

Action

2.3 Maths School

Claire informed the Committee that the Trust has already received two grants in relation to the Maths School: £30k for the project development fund and £25k for outreach.

Claire explained that, whilst there have been no costs against the outreach fund, part of the project development fund has been used for the recruitment of the Headteacher of the Maths School and some work on visual identity.

In response to a question from Trustees, Claire confirmed that any income or expenditure relating to the Maths School is shown clearly on the budget and each set of management accounts.

2.4 Management Accounts and Budget Update

The Committee received an update of where the Trust is against the budget as at 30 September 2021, noting that there are very few variances at this time of year (being one month into the new academic year).

The Trust has applied for covid tutoring catch up funding (£42k) and will be applying for funding in respect of the appeals raised by students in August.

EHCP income has increased by £30k as a result of the new students this year.

The Committee noted that the teachers' pay review for September 2021 has been agreed and most teachers will receive a 1% increase, with some grades increasing slightly at 1.5%. As the Trust included a 2% pay review in the budget, this gives a saving of around £44k, but this is offset by a number of additional staffing costs such as sickness and additional temporary staff. This results in a net saving of £17k but the support staff pay review is still outstanding.

In response to a question from Trustees, Claire confirmed that this positive variance has not been included as there have been a number of changes, such as the departure of the Careers Officer, which is being covered internally, meaning that it is too early to get an accurate figure at this stage.

The Committee noted that the Trust over-recruited students to the music course meaning that, due to the way it is staffed, it must pay an additional £14k to BEAT this year. However, it was agreed that it is important that Woodhouse College continues to offer a broad curriculum.

Trustees questioned how the accounts will be presented following the opening of the Maths School and went on to discuss this in detail. The Chair of Trustees explained that each school will continue to have its

own budget and many Multi Academy Trusts 'top slice' 3%-5% of each budget to pay for central services.

The Committee was presented with the proposed KPIs for the year, and it was agreed that Trustees should consider what the appropriate targets should be and feed this back to Claire. KPIs to be formally agreed at the next meeting. It was agreed that Sugra Alibhai and Claire Mugridge would reach out to their contacts to discuss what KPIs other Trusts use.

Action

Trustees requested that staff absences and vacancies are reported on when the management accounts are presented, to give a more accurate picture in relation to staffing. It was agreed that this could be done in some form, such as included in the personnel report (together with overall numbers and starters/leavers information), but the Committee noted that most absences are covered internally, and the picture can be quite fluid.

2.5 Premises & Capital Works

The Committee was presented with an overview of the capital work that took place over the summer, which included the refurbishment of the Principal's office and conference room. It was noted that, despite being approved by the Board in June, the installation of the data centres has not yet taken place but is booked in for December.

The CIF bid for the fire alarm has not run as smoothly as the College would have liked with the building having to be evacuated a number of times as a result of false alarms. However, the College has now been assured that the faults have been rectified.

The Committee was reminded that the College is currently in phase 2 of the fire alarm project and it appears that some issues have been identified from phase 1 that now need to be addressed.

In response to a question from Trustees, Claire confirmed that the College is compliant with all fire regulations, but a manual intervention is in place to ensure that the alarm is raised in all buildings. A new fire risk assessment has been written and it is hoped that this work is completed this term.

Noting the proposed schedule of capital works, the **Committee questioned** whether some of the Trust's surplus could be used to improve the College toilets. The Principal informed the Committee that the 5-year strategic plans will assist the Trust in knowing what the priorities are in terms of capital projects. However, it was agreed that the Committee would be in favour of using some of the underspend to fund the identified medium-term projects.

2.6 Reserves Policy

The Committee considered the draft reserves policy, noting that advice had been received from the Trust's auditors as to what this should include. It was agreed that the Trust must balance being prudent with ensuring that money is spent to improve the student experience.

In response to a question from Trustees, Claire explained that she has also reviewed the reserves policy of other Trusts and confirmed that this only relates to ‘free reserves’.

The Committee discussed what the minimum and maximum level of reserves for the Trust should be, noting that the Academies Handbook states that academies should not have ‘large surpluses’, and it was agreed that this would need to be a decision taken by the Board.

It was agreed that discussion of the reserves policy would be taken offline, and the Chair of Audit would also be included before bringing it back to the Board for approval.

Action

2.7 Accounting Software

The Committee noted that the installation of the new accounting software has been delayed due to staff training not taking place. **In response to a question from the Committee**, Claire confirmed that the Trust will use the new system whilst running down the old one and provide both sets of data to the auditors. The auditors are fully aware of the changes.

2.8 CIF Proposal

The Committee was informed that the CIF bid has recently been announced and it is likely that the only project that would qualify for this is the fire door upgrade, but only if it costs more than £50k which it is unlikely to.

3. Personnel Report

Ian Hooper presented the personnel report, updating the Committee on the progress of a number of vacancies.

It was noted that, as a result of covid, many members of staff are now undergoing operations that they have been waiting a number of months for, which has created some challenges in staffing. The Committee noted that 8 members of staff have tested positive for covid since September.

In response to a question from Trustees, Ian confirmed that there has been no indication of the support staff pay increase, despite the teachers’ award already being agreed. It was noted that, since academising, the Trust will receive funding for the increase in national insurance costs.

4. AOB

There was no other business, but Trustees agreed that the reintroduction of the Finance & Operations Committee allowed for the finances to be discussed in greater depth than the Trustees were able to at Board meetings.

The meeting concluded at 7:45pm