

Trustees Meeting
26th November 2019
10.00am – 12.30pm
Minutes

Attendance: Mr Patrick Johnson – Trustee
Ms Louise Hutchinson – Trustee
Ms Helen Birkinhead – Principal, Chatsworth College
Ms Elaine Burfitt – Chair of Trustees
Mr John Corker – Trustee
Dr M Hanbury (Co-Principal and Executive Headteacher)

Vicky McRae – Trust Business Manager
Wendy Maher – Finance Officer

Mel & Yu - Auditors
Cole Andrew - Observer

Miss J Thorp (Minutes)

Key: **Governor question/comment** **Response** **Action Required**

1. Chatsworth MAT Annual Accounts

Trustees welcomed Mel and Yu from the Auditors to the meeting to provide an overview of the annual accounts for 2018-19.

The Chatsworth High School and Futures accounts have been consolidated this year for the first time which will demonstrate the financial position of the group activity throughout the year.

The first 13 pages of the report contain the report of the Trustees provided by Chatsworth MAT.

The Auditor has updated the report to include the resignation date of previous Trustee Sue Goldworthy as of the 31st December 2018. John Ashley resigned as of the 31st August 2019, but this is not yet published on Companies House and the Get Information about Schools Website.

Action: Resignation date of John Ashley to be emailed to Sam to include in the Audit Report

Dr Hanbury is the Accounting Officer for the Trust and Elaine Burfitt is the Chair of Trustees. Certain sections of the reports today will need to be signed by both.

Page 14 contains the Auditors opinions following the audit process. This section would report on any areas of concern of which there are none and the audit report and regularity report remain unqualified.

Page 19 reports on the Trust's activities for the year, income and expenditure and whether the Trust as a group made profit or deficit in the year.

The accounts show that there was a deficit of £115,000 however, this is after depreciation costs of £198,000 and pension costs so in reality, the position will be a surplus.

Chatsworth Futures income is listed on a separate line meaning the remainder of income showing is from the High School. Recharges will be eliminated from this section.

Expenditure is broken down into the High School and Futures. Next year, Futures will be included in the overall statement.

The note numbers correspond to the notes in the accounts which will be referred to later.

Q: Is there a neutral effect on the budget as a result of the Trust receiving a grant for the pensions contributions increase?

The additional grant will not cover the full cost of the pensions increase. However, any pension liability is underwritten by the Government so will be of no cost to the MAT although it is acknowledged that the position has a negative effect on the balance sheet.

The Government has also given a grant for the additional 0.75% of the 2.75% teacher pay increase. Schools and Academies are expected to fund the 2%.

The following page reports on the statement of financial activities and shows comparative information from the previous year.

The balance sheet reports that the Trust had tangible assets valuing £261,000. Material disposals relate to the part purchase of Wentworth by the High School and the return of the remainder of assets back to Salford LA.

The balance sheet includes debtors for Futures and the High School in relation to payments made in advance to suppliers.

The bank balance and petty cash totals are also detailed for both organisations.

Creditors and accruals for both organisations are also reported.

Before the pensions contribution, net assets are showing as £674 and following this, a negative balance of £1,091.

The key consideration for Trustees is that the Trust has sufficient cash in the bank to meet its commitments. The end of year balance is £500,000 with £321,000 of creditors due within the year. The position has decreased from the previous year due to an increase in debtors which will need to be managed.

It is a reporting requirement to disclose the High School balances separately to compare the position to the group finances. According to the balance sheet, the High

School has £152,000 in tangible assets and a bank balance of £404,000 which is similar to the previous year and sufficient to cover any creditors.

The cashflow statement details the cash movement for the whole year for the whole Trust. £193,000 cash funds were transferred on conversion and a capital (DFC) grant was also received.

The net position at the end of the year showed a surplus.

The next section of the report relates to the Trust policies and how income and expenditure is recognised. Depreciation policies are set by the Trust.

Notes

Note 3 relates to the statement of financial activities and breaks down the income for the High School. The High School receives a capital grant from the Government which must be spent on buildings and infrastructure. However, as a PFI building, the fund tends to accumulate as there are limited opportunities to spend the grant.

Note 4 relates to funds received from the LA.

Note 5 provides a breakdown of unrestricted funds, for example, income generated from unrestricted funds such as catering and parental contributions. This excludes central government or local authority funding which are classed as restricted income.

Note 6 lists the expenditure for the High School in terms of direct costs and support costs. This excludes Futures.

Note 7 details the chargeable expenditure and gives a breakdown of all categories of direct costs and support costs including teacher salaries, staff development and other costs directly related to educational supplies etc. Support costs may include maintenance of the site, office, admin and finance costs. The maintenance costs include the PFI agreement.

Q: What are governance costs?

This may relate to audit fees, accountancy fees and governor training

Futures trading accounts are reported separately and show that the organisation received £556,000 in restricted income from the LA including place funding. Unrestricted income may relate to catering and parental contributions. The costs are split into direct and other costs.

Q: During the year, a contribution will be received from Chatsworth High to Futures. Is this included in income?

The £25,000 towards the purchase of Wentworth would not show in the trading account. This will be shown in the profit and loss section as tangible assets. The £25,000 is a loss as the majority of the building was not purchased by the High School and was returned to the LA.

When Chatsworth Futures took over the lease for Wentworth, there were a number of refurbishments and changes completed which were estimated to cost Futures £25,000.

When the building started to be used by the High School, a contribution of £25,000 was made to Futures.

Note 9 relates to staff costs. All staff are paid through the High School payroll and recharged.

A severance payment was made in this financial year to Sue Goldworthy. The payment can be reported as an exceptional payment, but an explanatory note would be required. It was agreed that the payment should remain in the current position within the report.

It is a requirement to report on any salaries which £60,000. These should be separated into £10,000 categories. The Trust must also disclose any Trustee remuneration.

It was previously a requirement that the Accounting Officer had to be a Trustee, but they can now be ex-officio members meaning that they would not be listed on Companies House. This is personal preference.

Note 12 onwards relate to the balance sheets, a breakdown of fixed assets, disposals and additions to the Trust. A calculation of depreciation year on year is also included which reduces the value of fixed assets over time.

The Trust has debtors totalling £218,000; £204,000 for the Academy and £14,000 for Futures

Q: Why is there such an increase in pre-payment and accrued income?

This was due to end of year salaries that had to be accrued and some outstanding inter-authority recharges for students

Note 14 shows the group position for year-end creditors.

Note 15 shows the position in terms of funds. Restricted funds include general and fixed assets and unrestricted income refers to income generated by the Trust and Futures.

Gains, losses and transfers refer to unrestricted funds that may be transferred to cover a deficit in restricted general or fixed asset funds. The Trust reported a large deficit which required a balance of £76,000 to be transferred to cover some of the costs of Futures joining the MAT.

The report must also show the High School funds position which shows an end of year £220,000 restricted carry forward and £89,000 unrestricted carry forward.

Q: What is the equivalent figure for 2018 in terms of restricted reserves?

The surplus has reduced by approximately £100,000 this year due to the £63,000 settlement fee and additional staffing costs.

Note 15 details the allocation of expenditure throughout the year for the High School and Futures.

Note 16 includes an analysis and comparison for 2018.

Note 17 provides a narrative description of expenditure and pension related items. In 2019, £166,000 was contributed to the teacher pension compared to £168,000 in the previous year. The Local Government Pension Scheme for support staff is also included in this section which links to the high school payroll and pension report.

Note 18 provides a further breakdown of cash outflow for operating activities.

Note 19 details the commitments of the Trust in terms of operating leases.

Note 20 refers to related party transactions. Engage is classified as a related party transaction as Dr Hanbury is a Director and Trustee so any recharges between Engage, Futures and the High school must be disclosed.

Due to a change in process, any related party purchases must be reported to the ESFA. Transactions of £20,000 or above must receive prior approval. A salary recharge is slightly different, but it may be advisable to submit an online form to receive advice as to whether it is necessary to report or not.

Management Report

The Auditors are required to report their findings to Trustees.

An introduction to the report details the Auditors responsibilities and liabilities. The audit approach includes onsite work to review the procedures in place and accounting policies. Any significant findings would be stated in this section, however, there are none to report.

The report provides an explanation of the funding position for the year and includes details of any carry forwards for the High School and Futures, pension deficits and fixed asset funds.

The report reconciles the balance provided by Futures and the High School and any adjustments completed through the audit process with final balances then reported.

Section 2.11 details the audit opinions which confirm there are no issues to report.

Section 3 highlights the risk areas.

Section 4 gives an illustration of the rating system used and a description of what each rating means.

Management Points

The following points were raised through the audit:

Purchase Orders dated after the invoice was raised – if adequate internal controls and authorisation procedures are in place, a Purchase Order should be dated and authorised prior to purchase. Staff are continually reminded about the procedure although it is not always followed. There has been an improvement since last year, but it was suggested that Trustees could make a statement to all staff to remind them of the importance of following the procedures.

Reconciliation Process - The High School audit noted that some items on the bank and reconciliation reports were dated to be reviewed but had not since been cancelled off. In response, a monthly checking system will be introduced as part of the reconciliation process.

Skills Audit – It was noted that no skills audits had been carried out in this financial year. This has now been completed.

Q: Is this a requirement?

The Auditors must be satisfied that the Governance Handbook is being adhered to and to assure Auditors that this is being done, it is important to complete an annual skills audit and that the matrix is reviewed at the point of any changes to membership of the Board. The skills audit assists with training and recruitment. If the Board does not complete a skills audit after advice, this would progress to a regularity point on governance in the next audit report.

Q: Should this be completed on an individual basis or as a group?

On an individual basis initially and then collated to reflect the Board as a whole

Futures Audit – On two occasions when new purchase contracts were obtained, the tendering procedure was not followed. This has since been discussed with the Finance Officer and steps introduced to ensure this does not happen in the future

Disposal of Wentworth and transactions between the High School and Futures – There was insufficient evidence as to what the £25,000 valuation was based on. There was evidence of the agreement within the Finance Committee minutes but no detail to show how the figure was arrived at. Trustees recalled that written evidence was provided to them at the time, but the document could not be produced at the request of the Auditors.

Action: John Corker to try and identify the whereabouts of the document and forward to the Auditors

Update of Last Years' Recommendations

Purchase Order system – Improvements have been noted in the procedures.

Fixed Asset Register – A register is now in place at the High School

VAT Difference – The issue has not re-occurred this year

Q: What was the reason for the £6,000 variance last year?

A full review of the VAT was completed but could not identify the reasons for the variance. The issue may relate to a system error. It was suggested that a representative from FMS could be asked to review the system, however there would be a cost implication to this.

Section 6 relates to any regularity matters identified of which there were none.

Q: Were the Auditors satisfied with the settlement information?

Yes

Q: Is there a non-disclosure agreement in place which may cause an issue in relation to the settlement figure being reported?

There was no specific reference to a non-disclosure agreement and in any case, the member of staff's name is not disclosed in the accounts.

Action: Agreement to be checked with Jeanette Williams, Lawyer, to ensure there is no non-disclosure agreement in place

The final accounts have been sent to Trustees and the Management Letter will be attached

Approved: Trustees approved the final audited accounts for 2018-19

Action: Documents to be signed by the Accounting Officer and Chair of Trustees following final amendments and clarifications and returned to the Auditors by Tuesday 17th December 2019

2. Apologies, Introductions and items for AOB

Cole Andrew was welcomed to the meeting as an observer with a view to joining the Trust Board. Mr Andrew provided an overview of his experience in the areas of Ofsted, Headship, SEN Consultancy, Research and SLD and PMLD expertise.

Apologies were received and accepted from David Dean.

3. Register of interests

There were no declarations of interest in relation to any agenda items.

4. Minutes of the previous meeting (Appendix A)

Approved: The minutes of the previous meeting were approved as a correct and accurate record subject to the following amendments:

Page 5, Trust Development Plan – Include the name of Sue Denny as Director of Chatsworth Futures

Page 6, Trust Development Plan – 3rd question – clarify what the 40 at both CF and CE means – add (40) after each CF and CE

Page 6, Free School – amend the third point to read That there would be

Page 9, Table – Amend the date and check if the table should be removed altogether

5. Matters arising from previous meeting minutes

There were no matters arising.

6. Strategic Development Plan

Trustees were referred to the draft Strategic Development Plan circulated prior to the meeting. Feedback was that some elements were not strategic enough and related more to operational matters.

Objective 1 - Dr Hanbury provided an overview of the plans for Chatsworth Engage which is a facility for students post 19. The possibility of welcoming Chatsworth Engage into the Trust in September 2020 is being considered although there are some concerns in relation to the strength of practice within the LA and the systems in place for funding etc.

The provision available through the LA for young people with special needs is inadequate.

The funding to date is received from parents pooling their budgets to purchase a 1-5 day provision 365 days per year. The provision is staffed from Trust employees or recently recruited individuals. The funding is received via a broker but the regularity with which payments are received is an issue. The LA has been requested to issue the payments directly to Engage but no decision has been taken at this stage.

Q: Is there a contract with parents?

A 3-month agreement is in place. This presents uncertainty for staff and only short-term contracts are being offered to junior staff. The TA4s running the facility are established staff. It would be inappropriate to ask parents to sign a lengthier agreement as this is a social provision from which the student may choose to disengage.

Q: Could you bid for any external funding?

Yes, a Big Lottery bid was submitted but refused as they felt the request was already being funded. A new bid has been produced with a view to recruiting an Employability Officer. The students are provided with lots of employment opportunities at Futures and it would be beneficial to continue this offer at Engage with the employment of an Employability Officer.

It is suggested that this element of the strategic plan is given a 2021 deadline to allow for systems and processes with the LA to be secured.

Approved: Deadline of 2021 to be allocated to the Engage conversion into the Trust

Objective 2 – Trustees agreed that this was an operational aspect that should be weaved into the Operational SIP

Action: Transfer Objective 2 to the Operational SIP

Objective 3 – Trustees discussed whether an objective towards high-quality governance should be included in the document or whether this should be an expectation of the role. The Strategic Plan should only include aspects that the Trust plans to develop over the next 3-5 years.

Action: Remove Objective 3

Objective 4 – The objective relates to the introduction of a cyclic quality assurance programme across the Trust. Trustees discussed whether quality assurance related to improving or developing and whether this should be an operational objective rather than strategic. The Strategic Plan should set out the Trust vision for the next 3-5 years rather than the operational aspects to achieving the vision.

However, the point was raised that there needed to be actions in place for the Trust to work towards in order to achieve these objectives and these documents must link to ensure there is no danger of losing focus on the long term plan.

The suggestion was made to introduce a MAD plan (maintenance and development plan) in addition to the Strategic Plan. The Strategic Plan would provide the vision and end destination whereas the MAD plan would relate to maintenance, development and establishing the stepping-stones to achieve the objectives within the Strategic Plan.

Action: Transfer Objective 4 to MAD Plan

Objective 5 – Trustees agreed that the Engage proposal was a strategic objective and should remain in the document

Objective 6 – The objective relates to the plans to develop the premises which Trustees agreed was strategic as it refers to the vision to be a world class institution. The aim would be to continue to grow the estate to make it conducive to the students' learning and to be able to accommodate additional students.

Objective 7 – Policy and protocols were agreed to be an operational matter and should therefore move into the MAD plan.

Action: Transfer Objective 7 to MAD Plan

Objective 8 – This was agreed as a strategic objective and should remain in the document.

7. Executive Strategy Group

Dr Hanbury reported that he had been fortunate enough to observe an Executive Strategy Group in action in another Trust which had led him to consider introducing a similar group at Chatsworth. Some members of the group were associated with the Trust and others were external professionals who would act together as a critical friend. The group provided accountability and challenge to the Trust Leaders.

Dr Hanbury had contacted Cole Andrew, the Headteacher of Springwood, Head of a Secondary school and another non-educational professional to consider working together.

The proposal is to meet twice a year as a focus group to share information and ideas.

Approved: Trustees approved the proposal to introduce an Executive Strategy Group

8. Projects and Initiatives

Engage

Engage is progressing well with sixteen members currently and five members of staff. Two of these are TA4 and three are TA1. One member of staff is very experienced and has worked for the Trust for many years. Two are on short term contracts.

The provision is funded via parents pooling their resources. Satisfaction levels are high and there have been some enquiries from former pupils who left Futures some years ago. Engage offers a variety of activities which young people can choose to participate in. These include cookery, caring for the hens, engaging with the local community, attending the gym, visiting the library etc. Groups are split so that several activities can be taking place at any one time.

Young people may attend for one or more days per week and the provision is open for 50 weeks of the year.

The point of Engage is to offer young people in fun activities and feedback to date has been very positive.

Q: It is an issue in many establishments that despite young people being taught a range of skills, the parents / carers do not have the necessary training to support the young person to continue to use and develop the skills in other settings. Could training be offered to parents / carers alongside the young person, for example, in relation to communication methods which may then help to reduce challenging behaviours in the home?

The LA SALT has trained Engage staff and the skills are then used to continue the learning of these young people. There is a possibility that a regular session could be offered.

It was agreed that it would be beneficial for a therapist to deliver community sessions to ensure young people and their carers receive the necessary support.

Q: Who regulates the provision?

Nobody at the moment which is a concern and a reason as to why the plan to bring Engage into the Trust has moved to 2021.

9. PAN Increase

The matter was raised at the last Finance Committee meeting and an agreement made to increase the PAN from 95 to 140.

There are no concerns as to the ability of the High School to fill the places but there are concerns regarding the capacity of the building.

The Trust currently leases a building from the LA, but the authority will not confirm its future plans. Futures currently uses the space and the High School also uses it for training and other events. It is expected that the building will be fit for purpose to accommodate some pupils with fairly limited investment.

Staff are keen to be involved with the plans for the building and want to ensure this becomes a part of the school and not an add-on with staff and leaders rotated to spend an allocation of their week on-site. Helen Bramley has surveyed staff to consider possible options and a second survey will then be completed with SLT to consider what the needs are of the building etc

Action: Helen Bramley to circulate the staff survey

A Communication and Operations Group has been formed in the High School and Futures this term. Key professionals from different areas of the business are brought together to talk about the development of the building.

Approved: Trustees approved the proposal to increase the PAN to 140

10. Finance Committee Report

John Corker provided an overview of the discussions of the Finance Committee.

The committee discussed the 3-year plan and how to address the projected shortfalls. The latest figures showed a £70,000 shortfall but half of this relates to items that should

have been accounted for at the point of budget setting and some additional agency costs.

The committee discussed the element of SALT provision funded by pupil premium.

The after school club is showing a shortfall in income which is currently subsidised by surplus funds although these are expected to reduce over the next 18 months meaning that a decision will need to be made as to whether to continue to support the deficit or not.

The committee considered whether the Trust could charge a premium for out of borough placements.

The Futures budget is showing a shortfall of £6,500 which can be supported by the surplus although this is a relatively small surplus at £33,000. The Futures budget is currently not contributing to the Executive Headteacher costs or legal fees. The financial position going forward is less secure than the High School which will need to be closely monitored.

The LA has agreed to pay full funding for all youngsters as there is an inadequate cut off with ESFA funding.

Further Education funding is lagged so it is important to build reserves in the hope that the LA continues to fund elements 1 and 2.

Due to these issues, the position of the Futures budget cannot be as secure as the Trust would hope.

The Committee discussed the Pay Policy and suggested a review of the document.

Reimbursement rates for Teaching Assistants are still paid at the pre April 2019 rate which will be raised with the LA by Dr Hanbury.

The Committee heard that the role of the Business Manager is changing to become more of a HR role. The Finance Officer will then take more responsibility for finance aspects.

11. AOB

Please refer to confidential section

Scheme of Delegation

Approved: Trustees formally accepted the Scheme of Delegations.

Summary of actions

Item	Action	Who
1	Resignation date of John Ashley to be emailed to Sam to include in the Audit Report	MH
2	John Corker to try and identify the whereabouts of the document and forward to the Auditors	JC
2	Documents to be signed by the Accounting Officer and Chair of Trustees following final amendments and clarifications and returned to the Auditors by Tuesday 17 th December 2019	MH/EB
6	Transfer Objective 2 to the Operational SIP	MH
6	Remove Objective 3	MH
6	Transfer Objective 4 to MAD Plan	MH
6	Transfer Objective 7 to MAD Plan	MH
9	Helen Bramley to circulate the staff survey	HB