



MINUTES

Finance, Audit & Risk Committee Meeting

17:00 on Monday 20 February 2023

PRESENT: Tom Attwood, Stephen Gough (Ch), Chris Weavers

ALSO IN ATTENDANCE: Jesse White (Interim T4 CEO), Kingsley Mayuku (T4 CFO) Asad Muzammal (Clerk)

1. Welcome and Apologies for Absence:

- a. None.

2. Declarations of Pecuniary Interests:

- a. None.

3. Minutes of the previous meeting and matters arising:

a. Actions carried over:

Action 220228/01: A pipeline analysis to be brought to the next meeting, detailing how many students are at each stage of the referrals process; details of the maturity of how long students have been on the waiting list; the potential funding and costs of each student in the pipeline; and how the pipeline will impact recoupment of the cash loss over the year. The pipeline analysis to be updated and circulated to Finance Committee members monthly. (KM, JW)

Agreed: The Minutes of the meeting held on 28 February 2022 were confirmed as a true record.

4. Finance Update:

- a. Trustees received the Period 5 Management Accounts.
JW advised that the consolidated position at the end of January of a £234K surplus (against the budget of £164K) is overstated. The expected forecast outturn is a £50K surplus. The reason for the overstated position is that there is a higher level of income in the Autumn term, because the term has a higher number of billing days compared to the other two terms. This will even out during the year.
- b. In discussing the summary by school, JW said that the ArtsX forecast outturn is close to profile, projecting a £38K in-year deficit (a £4K variance from budget). Two new students were admitted today taking the roll to 44. There is an increased focus on the student pipeline. In response to questions on the year-end outturn if the numbers on roll remained the same, JW said that there is a large deficit at ArtsX and if numbers were to remain static then it is

forecast that there would be a £200K deficit at ArtsX. If numbers on roll remained the same at IMHS, the IMHS forecast outturn is a £205K surplus.

Action 230220/01: A projection of the year-to-date budget against a forecast if numbers on roll at both schools were to remain the same to be brought to the next meeting. (KM)

- c. JW advised that the risks to the budget include the £129K accrual related to energy costs and it is unclear on whether actual costs may be higher.

In response to questions on whether the college is locked into an energy contract, JW said that the college changed its energy supplier in January. There are some outstanding bills to pay for the current supplier.

- d. There is also £400K of debt to be collected at ArtsX for the current year. The college has received income for 22 students of the 44 on roll. Trustees noted that IMHS has collected all its cash owed.

JW advised that some of the student agreements at ArtsX had not been setup properly with the LAs. There is a staffing matter at ArtsX with an intern, who did not formalise contracts for students with their LAs and did not raise appropriate bills at the appropriate time. The college is accruing for amounts owed in an informal way with an informal agreement. There is a constructive obligation with the LAs, as they have been aware of the costs for several months. However, there are some issues around High-Needs funding, as there are specific forms that must be filled out in a particular way. Although this is not thought to be a high risk, it is still considered a risk until the funds have been collected. This is now being prioritised and most of the invoices have been dispatched.

Action 230220/02: An aged debtor list by LA, showing how much has been invoiced against each individual student, and how much is against a yet to be signed student agreement, to be sent to the Committee following this meeting. (JW)

In response to questions on the effect of this debt on cashflow, KM said that this is being closely monitored and the debt must be collected within the next few months. The college has a £155K VAT bill and £129K energy costs to pay.

- e. JW said that there is a risk from an accounting perspective, on the college maintaining manually detailed spreadsheets on income data attached to students. This information has not all been posted back to the systems and has led to some discrepancies between the spreadsheets and the management accounts data. Once this has been reconciled, there may be changes to the forecast outturn. This is an internal issue which is in the process of being remedied.
- f. JW advised of a £65K rates bill from last year. The difficulty in resolving this bill is that Islington require a letter from HMRC confirming that the college is a charity and subject to the 20% relief on business rates. The issue has come about from the change in name and location of the college. CW offered to contact Islington if the situation is not resolved soon.
- g. JW advised that the accounts have not accrued for the £200K Capital Support funding. This is funding ringfenced for the college and the ESFA has asked for additional details to be included in the business case. The college expects to receive this funding and it will be applied towards the energy costs. Trustees agreed that it was prudent not to include this funding until it has been received.

5. Audit Update:

- a. JW advised that during testing, the auditors identified that invoices had not been raised for two students for the last academic year. A robust process is now in place and this has now been resolved.
- b. The auditors could not find a copy of the ArtsX October 2020 census. The census was completed, but none of the current Executive or CLT were in post at that time and could not provide the document to the auditors.
- c. The auditors found mention in the Board Minutes on concerns raised about staff not following safeguarding processes. Trustees discussed Safeguarding being a strength of the Trust, as had been evidenced by Ofsted and LA QA processes.
- d. During the audit testing, auditors identified an employment contract that had not been signed. JW advised that there is a potential staffing matter regarding this member of staff and it cannot be discussed further for now.
- e. In response to questions on any outstanding audit points that have not yet been resolved and if there are any concerns on any of the audit points from a process or procedural point of view, JW said that the High priority audit point was on an £8K unreconciled bank reconciliation at the end of the last financial year. This has now been resolved. The issue was to do with the Quick Books accounting software and data entry by an interim working over the summer. The Trust now uses the SIMs finance package. From 1 September onwards the accounts are reconciled to the penny.
- f. In discussing the SRMA's report, JW said that there was some discussion around the end of contract of the previous Director of Safeguarding. There were no other major actions.
- g. JW confirmed that the SRMSAT and BFR submissions are both in hand.

Action 230220/03: The SRMSAT return to be forwarded to the Committee before being submitted to the ESFA. (JW)

6. Premises Matters:

- a. Trustees acknowledged AM's request for the Committee to consider investing in a climbing frame and a 5G football pitch at IMHS. JW said that the climbing area is estimated to cost £19K and the cost of a 5G pitch would be over £100K. A 5G pitch could be used all year round and depending on the size of the pitch, and whether planning permission would be agreed for the use of floodlights in the evenings, the school may be able to recover some of the funding through letting the pitch in the evenings and weekends. Trustees discussed how the pitch could also provide a benefit to the community.
Trustees discussed whether a climbing frame is age appropriate in a secondary provision.

Action 230220/04: Potential designs and costs of the 5G pitch and climbing frame to be brought to a forthcoming meeting. (JW, AM)

- b. JW advised that in preparing the annual LBCT return, the Executive were unable to locate a copy of the IMHS lease. This does not affect submitting the return. JW confirmed that the Executive do have a copy of the 125-year lease for ArtsX.

Action 230220/05: Winckworth Sherwood to be contacted for a copy of the IMHS lease. (JW)

- c. JW advised that a tender process for IT support services across the Trust was completed in December using the Procurement for Schools platform. Three tender bids were received, and the incumbent provider won the bid for a three-year contract.

In response to questions, JW advised that the provider currently supports IT at ArtsX and will soon provide service to IMHS, following upgrade of the IMHS hardware which is over 12 years old. The cost of the service is £40Kp.a. for both schools and a technician will be on site at each school for one day a week.

Action 230220/06: The tender documents to be sent to the Committee following this meeting. (JW)

Agreed: The Committee approved the award of the tender, subject to any comments from Trustees after reviewing the tender documents.

7. Health & Safety:

- a. JW advised that a Health & Safety audit will take place later this term. The report should be available for the next meeting.

In response to questions, JW confirmed that there were no High priority actions from the previous audit.

8. Policies & Documents:

- a. In discussing the Financial Regulations Manual, JW advised that there have been no major changes except adding in additional controls around the use of credit cards and update of the scheme of delegation:

Headteacher - £10,000 (excludes payroll)

CFO - £10,000-£25,000

CEO- £25,000-£50,000

Trust Board - Over £50,000

Action 230220/07: The wording of the section on severance pay to be changed to say that the Trust will follow the latest ESFA guidance at the time. (JW)

Action 230220/08: Policies in future to be submitted to Trustee meetings with tracked changes and a cover summary sheet of any changes. (Executive)

Agreed: The Committee approved the Financial Regulations Manual.

9. Any other Business:

- a. Trustees discussed the transitional timeline for the potential merger with Beckmead and how this will be communicated to staff.
- b. Trustees wished to record their thanks to Jesse White for steering the T4 Trust over the last 18 months and their best wishes for his future endeavours.

c. Forward Agenda

- Reserves Policy
- T4 Fundraising Projects
- 3-Year Capital Expenditure Plan
- Health & Safety Audit report
- 18-month view on cashflow

- Appointment of AO

10. Date of the next meeting:

- FARC meeting: 5 June
- Board meeting: 17 July

11. Any Confidential Items:

None

12. Items for non-Staff only:

None

The meeting closed at 18:20

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Chair

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Date

Decisions

Agreed: The Minutes of the meeting held on 28 February 2022 were confirmed as a true record.

Agreed: The Committee approved the award of the tender, subject to any comments from Trustees after reviewing the tender documents.

Agreed: The Committee approved the Financial Regulations Manual.

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Actions carried over:

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Actions from this meeting:

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