

**MINUTES OF THE 103rd FINANCE AND RESOURCES COMMITTEE MEETING
HELD AT ASHCROFT TECHNOLOGY ACADEMY ON
WEDNESDAY 16 DECEMBER AT 16.00PM**

Present: Dick Whitcutt (DW) - Chair, Richard Perry (RJP), Douglas Mitchell (DMI), Stewart Harris (SH),
Angela Entwistle (AEE), Rachel Branagan (RB) Kevin Chamberlain (KC)

In Attendance: Jane Kiddell (JKD) (Minutes)

Start Time: 16.00PM (via Zoom)

1. Apologies for absence

DW welcomed on-line presence of members of the FRC who had joined the virtual meeting via the Zoom online meeting platform. The only absence was Tony Bothwell (TB) due work commitments.

2. Declaration of interest

No interests were declared.

3. Minutes of Last meeting

All minutes were correct and agreed virtually

4. Matters Arising

RJP informed colleagues that the works to the SAN upgrade have now been fully undertaken and are in place. The Academy Network Manager advised that the missing fans within the new provision should have been part of the installation, so payment was held back as the manufacturers had overlooked this until works were completed. RJP was grateful for the Network team identifying the missing parts.

RJP advised that there are still elements to be completed to the fire protection panel work upgrade by ADT.

DW asked for confirmation of the costs involved and, whilst RJP did not have these to hand, he advised that they were as previously stated for both projects and there had been no change to these.

RJP will update colleagues at the February meeting on the latest progress with the fire protection panel works.

5. Annual Report and Financial Statement 2020 - Academy

Financial statements were due to have been circulated to FRC members and Trustees but were not yet available as the auditors are having to work remotely on many sets of accounts from a number of academies and are therefore a little behind schedule. However, despite this, RJP provided an executive summary of the year-end position and would circulate the draft set of financial statements and trustees report in the coming days. He asked that colleagues review these once received, over the Christmas break, in order that they can be signed off during January and before the month-end deadline.

DW asked whether the audit work would be cheaper because the auditors were not on site. RJP stated that the auditors use a database system called 'Huddle', which is a type of drop box to upload documentation. It was an unwieldy system and a time-consuming process for uploading documents and therefore he felt that the costs for the audit would remain at a similar level to those that quoted were the auditors to have been on site.

The process had been more intensive from the Academy's perspective and has taken longer than normal. There are additional requirements to be included in the Trustees' report, which relate, understandably, to the impact of COVID-19 and in separately reporting the Academy as a 'going concern'.

This year, the document sign-off will be achieved remotely and the aim is to have all documents available for submission by mid-January. RJP hopes to have the Post Audit Management report in his possession to circulate in early January and he reported that, to date, no significant issues have been brought to his attention by the auditors.

The key factor to point out, by comparison with the balance sheet from last year, was a £2.2m drop in net funds, through a larger pension fund deficit and the depreciation of assets, both of which are necessary inclusions within the balance sheet. This was retrospectively revised to a reduction of £1.7m following inclusion of the assets resulting from the refurbishment work programme.

When stripping out the adjustments for fixed assets and pension fund movements, the Academy achieved a small revenue surplus in the year.

RJP stated that there were likely to be darker days ahead and that our ability to maintain healthy revenue balances looks to be more challenging over the next few years.

As already known, the biggest expense incurred by the Academy is staff costs and these have increased by 6% over the year with the vast majority of this increase the result of increased pension costs related to the teachers' pension scheme.

DW commented that this pension scheme was not an optional provision but is something the Academy must provide as the teachers' scheme is a national provision for publicly funded schools with fixed rates of contributions that have been increased for all schools. However, this increase still adds to the overall running costs of the Academy. The provision is confirmed within the Academy Funding Agreement.

RJP added that a number of independent schools are pulling out of the pension scheme and looking at alternative schemes, which are cheaper and less generous. They are doing so by offering this alternative to new appointees and potentially offering other rewards to them alongside this, all the while keeping the teachers' scheme in place for existing staff. RJP felt that this would not be workable (or presently allowable) in the public sector.

DW mentioned that the Academy also implements the national salary pay awards for teachers and associate staff, which are subject to trustee approval and adds to the salary bill. Short of reducing staff numbers, DMI said there is limited capacity to reduce the annual salary bill. RJP raised the point that to both attract and retain the right staff, trustees also agreed an increase to the "ATA allowance" for the teaching staff from September 2021 - which along with the pensions increase; national pay awards and increase in staffing to meet the additional timetable and SEN demand created by the extra student numbers - have raised overall staff costs to more than 85% of overall academy costs.

DW had heard that a lot of schools had claimed they incurred additional budget costs due to the Covid crisis but understood that the Academy had not done so for this reason and asked why others schools would be complaining of these extra costs.

RJP was unable to answer in respect of other schools, but as far as ATA is concerned, cost savings have resulted from fewer caretaker hours for evening lettings and weekend commitments; the cancellation of the Easter revision programme; a reduction on the exam and exam invigilation costs and the fact that several staff members were successful in securing positions elsewhere towards the end of the academic year, who the Academy were able to release early and make a saving on their salary costs for the rest of the year. Most additional expenditure in the year

resulted from the need for additional hygiene and PPE necessary to enhance Covid-19 protection measures.

DW noted that the unrestricted reserves had increased by £150k and asked what was behind this.

RJP confirmed that this included the gift aid payment due from the trading company and bank and investment interest. It also included income for catering and school trips, although these are balanced out by corresponding expenditure.

6. Fraud Assessment 2020 & Regularity Self-Assessment 2020

RJP talked colleagues through the above (appendix 1 and 1a) which outline the internal controls in place at the Academy to both prevent and minimise the existence of fraud and gave details of the financial controls in operation. The Academy auditors review and test these controls as part of the year-end process. SH, in his role as Responsible Officer, also tests these when he is able to visit ATA in that capacity. During the present COVID crisis the Responsible Officer checks have necessarily been undertaken remotely and a shorter report produced than would usually be the case.

In place of a prescribed set of checks (payroll, bank account, funding, expenditure coding, remittance advice receipt, reconciliations etc.), the DfE has stated that checks should primarily focus on the biggest financial risks deemed to be impacting the Academy. Future reports from SH will still include some regular checks but will also focus on the areas of key financial risks.

7. Responsible Officer Report 2020

This was covered in the above section.

8. Capital Developments

RJP stated that there was not much to report on at this stage in the academy's year.

9. Revenue Funding 2020-21 Update

RJP was able to send through the financial position, as at the end of November, to colleagues. He stated that the Academy had spent 18.3% of the total projected income as at 30 November, which compares to 17% the previous year. This reflected the annual deficit prediction across the next few years.

The 5-year financial forecast had been sent to colleagues indicating a reasonably consistent deficit across each of the five years. This can be met by existing reserves, but each payment will significantly reduce reserves by the end of that period, if the Academy continues to operate as it currently does.

One area to consider is the ongoing use of Openview and whilst contributing a considerable sum towards the year-end profit of the trading company, this comes at a larger cost to the Academy. FRC members agreed to look more deeply into this in future meetings.

DW added that he had had previous discussions with (past) Principals of the Academy about how much Openview actually costs to operate and that he had been advised by each one that Openview still presented value for money. However, in lockdown, the Academy was required to operate sport provision onsite only. The success of this and recovery of journey time that it brought about did call into question the need for Openview. DW welcomed a review of costs and the educational justification for running Openview.

As part of the proposed review, RJP will check to see if any penalties would arise from ceasing the lease arrangements

with Wandsworth.

10. Annual Report and Financial Statements 2020 – Trading Subsidiary

A profit of £90k for the year was still achieved, despite Covid and associated lockdowns and tier restrictions disrupting lettings after March. This was helped by the fact that lettings at Openview recommenced before the summer break.

11. Academy Policies

RJP had circulated a number of updated policies. Colleagues were asked, if they had any comments, to let RJP know. Following the next meeting in February updated policies would then be uploaded to the staff intranet.

12. Any Other Business

There was no further business to raise.

Signed: 
Richard Whitcutt
Chair of Executive Board

Date: 23 02/2020