

HOLYROOD ACADEMY TRUST

Company Number: 7341523
A Company Limited by Guarantee
Registered in England

Minutes of Finance and General Purposes Committee Meeting held at Holyrood Academy On Monday 28th November 2016, at 5.30pm

PRESENT:

Ann Adams, Martin Brook, Stuart Cochrane, Matt Collins, Margaret Mercer, Tina Coles (Company Secretary /Clerk), Paula Gibson (Minutes Secretary)

IN ATTENDANCE: Simon Drake from Bishop Fleming Accountants

1. WELCOME

TC welcomed all to the meeting.

2. PRESENTATION BY SIMON DRAKE, BISHOP FLEMING ON ACCOUNTS FOR YEAR ENDING 31ST AUGUST 2016

The Annual Report was previously circulated, and SD circulated the Reconciliation of Accounts document.

Things to note within the accounts were –

- The £3.3 million pound deficit is not a cash deficit – it is a “virtual” deficit due to the following book keeping adjustments, £2.1m due to pensions / actuarial values. £823K due to depreciation.
- The cash / revenue deficit is £190K and an additional £97k was used from the revenue funds to fund the ATP. .
- The LGPS deficit has increased to by £2.9million due to the actuarial pension’s revaluation. This is a national movement and when benchmarked across other Academies HA is slightly less than other Academies.

SC pointed out that the previous deficit balance reported was £170K – TC explained that this did not include the £17k additional accruals advised at time of audit A detailed schedule of Funds Note was then circulated - the deficit of expenditure is from general Academy spend, this was hoped to be addressed by the fairer funding agreement.

TC informed the meeting that she had received notification that should the MAT be approved it could have implications for the pension fund. It has been advised that in some circumstances where whole staff have been moved between pension schemes this has been treated as a closure and an exit charge has been applied. TC informed all that AV and HA are both administered by Peninsula Pensions, but that this item would be investigated as part of the due diligence procedures.

There were still significant reserves, but SD warned that bringing other schools into a potential MAT could expose this. AV does not have a significant deficit but this would be heavily focused upon as part of any due diligence on future schools.

SD reported that he had seen a number of schools who have financial implications and require sponsorship be supported by the EFA.

The new accounting standards have had some minor implications which included –

- The requirement to disclose the key management personnel (this is usually the SLT). A discussion took place about the makeup of these numbers as MB felt that it did not reflect the changes in the SLT which made the aggregated costs look higher than they now actually are – TC and AA both felt that this was not an issue, but that it will alter when the MAT comes into force.
- Trustees remuneration
- The extension of the Reserve's Policy – however SD felt that the note in the account was sufficient.

TC pointed out that staff costs remain very high - the EFA guidance remains at 80% of income whereas HA is closer to 90%.

SD explained that on conversion to a MAT the DfE will undertake a paper revaluation of the property; this will result in the land and building value being split. At this point the depreciation will need to be recalculated as the land will be revalued over a useful life of the 125 years lease and the buildings will be over 50 years for new build and 25 years for building transferred on conversion. On academy conversion these two elements were valued as one and depreciation was on the basis of the buildings so the current depreciation value is high.

SD reported that there was nothing to report within the finance systems, and this will be supported by the Management letter. Should the MAT be approved prior to submission of the accounts a Post Balance Sheet Event will need to be recorded. Next year AV will come into the accounts as part of the transfer of assets and additional disclosure.

TC reported that the deficit was better than previously anticipated.

TC thanked SD and the team at Bishop Fleming for their support, especially regarding the VAT registration. MB thanked SD for the context setting as this was helpful for all.

These accounts will be presented at the AGM on the 7th December for approval.

SD left the meeting at 18.20pm.

Governors thanked TC and the finance team for their efforts.

3. ELECTION OF CHAIR OF THE COMMITTEE

Going forward this will be a Trust committee and therefore will be a more challenging rather than operational meeting. Links with the other trusts will build upon standard reports, and PS financials has a data dashboard including KPI's that can be developed.

AA nominated MM for the role and MB seconded. MM was appointed unopposed to the role of Chair.

4. APOLOGIES AND CONFIRMATION OF QUORUM

There were no apologies and it was noted that a quorum was present.

5. DECLARATION OF PECUNIARY INTERESTS.

No Pecuniary Interests were declared

6. MINUTES FROM 22nd JUNE AND MATTERS ARISING

MM signed the minutes as a true and accurate reflection of the meeting held on the 22nd June.

Action	Update
Fan in Lower Site Chemical Store to be checked	Action complete – this is now on.
H&S Audits to be carried out periodically	Ongoing – SC meets on a regular basis with JP.
Amend Whistleblowing Policy and send other policies to Browne Jacobson for advice.	Complete
Put Academies Handbook on the secure website	Complete

6. UPDATE FROM EFA AND ACADEMY HANDBOOK CHANGES

This had been previously circulated and Governors were reminded of their duties and responsibilities as well as the updates to the Academies handbook.

7. RESPONSIBLE OFFICER REPORTS –

These had been previously circulated.

Income Report

TC talked through the management responses.

- a. TC has asked the admin department to clearly state in all correspondence due dates.
- b. The Lettings policy will be reviewed to include the changes regarding the Academy VAT status.
- c. The VAT registration is now included on all invoices.
- d. The segregation of duties within the finance department has been agreed.
- e. The reports within PSF are being investigated.
- f. Gift Aid scheme will be reviewed when there is more time.

Purchasing Report

TC talked through the management responses.

- a. Authorisation limits for the list of authorised signatories is ongoing.
- b. The new method for checking petty cash and end of month reconciliations has been actioned.
- c. The use of specialist project managers, where appropriate, in supporting tendering processes will be written into the Policy.

Action: TC to update Finance policy as necessary, but is waiting until the MAT status known as it will need to be reviewed for that.

8. FINANCES FOR THE PERIOD UP TO 31ST OCTOBER 2016

These had been previously circulated electronically– this style of report will be available for the Trust for all schools and also by individual school. The report is good as it allows trustees to look at the top level but also drill down to the detail as required where they have concerns

The finance team are responsible for inputting and checking the variances – there has been some minor adjustments regarding the profiling and mis-coding.

Governors agreed to receive a consolidated version of this report at Trust level in line with their meeting structure, and LGC's would be responsible for defining their own schedule. All liked the format of this report and TC will continue to develop the data dashboard for Trust level.

9. MINI BUS PROCUREMENT

Details had been previously circulated.

TC explained that the mini bus is heavily utilised within the Academy and that this has become an issue.

Governors discussed the available options and agreed that a contract hire mini bus would be their preferred choice. Governors also discussed contacting local companies with regard to a regular service.

Action: PG to investigate local service providers and TC will contact a potential “casual” driver. TC also to investigate the cost of a 12 month contract hire period.

10. PROPERTY INFORMATION UPDATE

TC circulated information regarding a number of Capital Investment Fund (CIF) bids that are being worked upon by TC and Mark Bothwell to submit to the EFA by the 9th December– these are based upon last year's unsuccessful bids for the Sports Hall and the Main Block rewire.

The asbestos removal in the Sports Hall is included, but we have been advised that the inclusion of the updating of the changing rooms weakens the bid, so third party funding has been sought. South Somerset District Council have provisionally promised £20k but they have requested further information regarding the community use of the facilities TC has contacted 1610 Ltd as they have responsibility for this but she has not received a reply.

The inclusion of the updating of all light fittings within the main block also weakens the bid, so these will not be included in this section.

Head Lease

TC explained the issues surrounding the Head lease which is being sent to the EFA for approval. TC and MB pointed out that the site has a lot of “dead land”. Frustrations continue with 1610, and the swimming pool is closed for environmental reasons.

Caretakers House

TC explained that the current tenant has approached her regarding issues of damp within the house – TC provided information on the rent received and the cost of the repairs. Repairs are the responsibility of the Academy.

After discussion Governors agreed that the damp reported was not a priority and that as there is no business need for a Caretakers house once it becomes vacant it is likely that the Academy would re-categorise it at that date and the works would be dealt with as part of the changes to the building.

Fire Risk Report

TC will remind all staff via the bulletin the requirements regarding not propping open fire doors and that escape routes must be kept clear.

11. ANY OTHER BUSINESS

Finance Surplus

MB reported that the level of reserves being held by schools is under increasing scrutiny. Although we have a clear rationale as to why we have built up those reserves we need to keep moving forward. The recent refurbishment of the reception area had been well received but that the main hall was no longer fit for purpose – TC explained her ideas of updating the hall to include tiered seating and the removal of the stage.

TC explained that the costs would be investigated but that the tiered seating for 150 people is approximately £38k. Governors then discussed the ideas of the refurbishment of the whole area – TC will speak to Mark Bothwell regarding costs and options available.

Governors were mindful of facilities of students but were aware of the consequences of spending reserves when there is a deficit. TC did point out that £1m of reserves had been built up over the past 6 years.

MEETING CLOSED AT 19.40pm

CHAIR:

Approved as a true and accurate record of the meeting;

..... Signed

..... Date

SUMMARY OF ACTIONS – 28th NOVEMBER 2016:

Action	By Whom	By When
Send to AV the Governance Policy Schedule including time scales and statutory requirements	PG	Asap
Update Finance policy to include use of specialist project managers to support tendering process,	TC	Asap
Investigate local bus service providers and potential “casual” drivers.	PG / TC	ongoing