



# Swift Academies

*Success will inspire future triumphs*

## Finance & Resource Committee

4.30pm, Thursday 23 June 2022

### APPROVED MINUTES

Present (Directors)	Stuart Hargrove (Chair), Dean Judson (Chief Executive Officer), Geoff Liddle
in attendance	Glen Hart: Chief Financial Officer Sarah Jones: Trust Business Manager Rachel Somerville: Head of Hurworth School Caroline Jennings: Clerk - Swift Academies

Item	Description of discussion	Action by
1.	<p><b>Welcome, introductions and confirmation quorum present</b></p> <p>Directors were reminded that three Directors were required in order that decisions could be taken during this meeting of the Finance and Resources Committee of Swift Academies. Three (3) Directors were present.</p>	
2.	<p><b>Apologies for absence and their acceptance</b></p> <p>It was reported that apologies had been received from Michael Garmston.</p> <p>Directors RESOLVED that the apologies for absences were accepted.</p>	
3.	<p><b>Notification of items of urgent other business</b></p> <ul style="list-style-type: none"> <li>items that the Finance and Resources Committee of Swift Academies regard are of sufficient urgency to warrant consideration at the end of the agenda.</li> </ul> <p>No items of urgent other business were notified.</p>	
4.	<p><b>Declaration of personal and pecuniary interests</b></p> <p>a) complete / review the Register of Interest</p> <p>Directors and those present were reminded that they should update the Register of Interest to declare any relevant business and pecuniary interest and close family relationships between members or directors and/or members or directors and employees.</p> <p>It was confirmed that all Members, Directors and Governors had completed the Register of Interest for the current academic year. A register should be completed annually and updated during each academic year where circumstances change.</p> <p>Directors confirmed that their respective Register continued to be accurate and up to date.</p>	Directors

	<p>b) to declare any personal or pecuniary interests in any matters arising from the agenda of the current meeting. Directors and those present were reminded that they should declare any personal or pecuniary interest in any matters arising from the agenda of the current meeting. No declarations of interest were made.</p> <p>c) Code of Conduct Directors were reminded they had signed the 'Directors Code of Conduct, upon appointment. It was confirmed that signed Directors' Code of Conduct were held on file for all Directors present</p> <p><b>5. Approval of Minutes / review of agreed actions / matters arising</b> The draft minutes of the Finance and Resources Committee of Swift Academies held on Thursday 24 March 2022 had been shared with Directors prior to the meeting. A copy would be retained on file.</p> <p>Directors RESOLVED that the circulated minutes were approved as an accurate record of the Finance and Resources Committee meeting of Swift Academies held on Thursday 24 March 2022 and should be signed by the Chair. The signed, approved minutes would be retained by the Clerk.</p> <p><b>6. Chief Financial Officer's Update 2021-2022</b></p> <p><b>Rolling Cash Flow Forecast</b> The CFO reported that at the end of April 2022, the cash balance was £562k the schedule circulated prior details the cash balance over the next 12 months.</p> <p><b>Employee Costs</b> Directors advised that the total Employee cost for the period 01/09/2021-30/04/2022 totaled £7,210,993 against a budget of £7,348,774.</p> <p>The full year projection is £10,804,704 against an original budget of £11,023,161. The reduction in staff salaries are mainly to do with vacancies that are currently been filled by long term supply teachers.</p> <p>An agreement has been made for support staff to receive an increase on pay which is back dated to 1st April 2021. The agreement is to uplift support staff salaries by 1.75%, an allowance of 2% has been made in the current year budget</p> <p><b>Premises</b> Total Premises cost for the period 01/09/2021 – 30/04/2022 totalled £428,304 against a budget of £371,013.</p> <p>The full year projection is £656,004 against a budget of £556,520, the difference is for increased maintenance cost across the three schools. We are also predicting energy costs to increase by £45k against the budget.</p> <p><b>Governor Question:</b> Asked whether we can fix the rate in advance with our energy providers in advance of our current contracts terminating? <b>Response:</b> We will be investigating this further by putting out tenders whilst we await more information regarding capped energy costs from the Government.</p>	<p>Directors</p> <p>Chair</p>
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**Curriculum**

Total Curriculum cost for the period 01/09/2021 – 30/04/2022 totalled £542,308 against a budget of £442,092.

The full year projection is £636,726 against a budget of £654,764, the reduction in expenditure is due to receiving the S106 housing money at Hurworth to enhance IT equipment and general refurbishment as we had budgeted to use school funds to undertake some of this work.

**Establishment**

The total establishment costs for the period 01/09/2021 – 30/04/2022 totalled £1,715,361 against a budget of £1,405,051 with a full year projection of £2,434,074 against a budget of £2,079,591. The increase in expenditure is due mainly to additional supply costs of £212k which has been offset by the reduction in teachers' salaries (-£190K) and a transfer to capital funds of £25k to assist in the recent CIF projects.

In summary we are forecasting expenditure of £14,491,508 against a budget of £14,314,036.

**Income**

The overall income for the period 01/09/2021 – 30/04/2022 is £10,085,499 against a budget of £9,735,064.

GAG income received from the ESFA is in line with expectations, we have also received income from DBC for the Autumn & Spring term for SEN "top up" funding for the resource base and mainstream SEN support. Additional income has also been received for Recovery Premium and for School Led Tutoring in response to the Covid19 pandemic.

In summary we are forecasting income of £14,703,731 against a budget of £14,578,083.

**Reserves**

At 31st August 2021 the reserves figure is £380k, with an anticipated in year surplus of £212k for 2021/22 the anticipated reserves will be c£592k.

**7. Spring Term Internal Assurance Report**

A copy of the independence auditor's Spring Report was circulated to Directors prior to the meeting, and a summary of the recommendations and findings shared.

The overall assessment was there were no major issues. There was one issue highlighted regarding the sale of text books sold to pupils for revision which was deemed a medium risk. To remedy this a spreadsheet will record all monies received going forward.

**Governor Comment:** It would be prudent to add 'the log will be handed over to finance 'in a timely manner''

CFO

**8. 2021-2023 Proposed Budget including Budget & Medium**

A copy of the 2022/2023 Trust Budget and Medium Term Financial Plan was shared with Directors in advance of the meeting.

### **Background and context**

The CFO reported that the overarching financial stability of the three schools and the Central Team was healthy.

Furthermore, the Rydal Nursery, which was expanded to include a two-year-old provision, was doing well.

### **Funding**

The Academy Trust received notification of its funding allocation for the 2022/23 academic year from the Education Skills Funding Agency (ESFA) in the Spring Term. In summary, the key funding streams are as follows:

- Pre-16 pupil funding, which continues to be based on a formula set by the local authority, as agreed by the Schools Forum,
- High Needs pupil funding (special schools), which is based on the level of needs of individual pupils, for which place funding of £10,000 is received from the ESFA, with the remaining funding for the pupil paid by a top-up from the local authority responsible for the pupil
- Nursery funding, receivable from the local authority, which is based on the school's projected pupil numbers for the 3 terms in the academic year. From September 2021 we expanded the Nursery at Rydal Academy to include a two-year-old provision.

In addition, academies receive separate notifications of the following funding streams from the ESFA or Local Authority:

- Pupil Premium funding for disadvantaged pupils, service pupils and pupils in local authority care,
- PE & Sports Premium to help primary schools improve the quality and impact of the PE and sport activities they offer their pupils.
- Universal Infant Free School Meals grant to provide free school meals to all pupils in KS1.
- Devolved Formula Capital (DFC) to provide funding for capital works,

### **Proposed 2022/23 budget and Medium Term Financial Plan (MTFP)**

It was reported that the 2022/23 budget projects an in-year surplus, with an overall projected reserves position of £646k at the end of 2022/23. Based on current income and expenditure predictions for 2023/24 and 2024/25 the level of reserves is expected to increase to £663k.

Directors were advised that the balance brought forward from the financial year 2021/22 is a provisional figure based on the financial projection as at 30/04/2022 and will be confirmed once the accounts are closed and the statutory accounts are prepared.

### **Grant Income**

The budget assumptions paper sets out in detail, the potential impact of government decisions based on the best information available currently. For Swift Academies in 2022/23 Darlington LA continues to operate a local funding formulae

It was agreed by SLT that a 1.5% per annum increase on 2022/23 NFF values would be assumed for pupil-led funding in future years.

Directors were advised that overall, total funding has increased by £557,077 due to increases in the NFF, the one off payment of a supplementary grant, school led tuition grant and increased Nursery provision.

### **Pupil Numbers**

Directors were informed that funding is primarily driven by pupil numbers; therefore, it is important that Directors are aware of the assumptions made, in terms of how pupil numbers will potentially change in future years.

Nursery pupils are funded on a termly basis. For budget planning purposes it has been assumed that nursery numbers will remain static across the MTFP.

Pupil premium numbers for the period September 2022 to March 2023 are based on October 2021 census data, and pupil premium numbers for the period April to August 2023 are provisional estimates as actual pupil numbers will not be confirmed until October 2022 census. Assumptions have been made for future years based on historic patterns and trends.

The ESFA have advised that Recovery Premium allocations will be based on pupil premium entitlement. It has been assumed that ESFA will use Ever6 free school meals as the basis of calculation.

### **Self-generated income**

#### **Catering Income**

Catering income is estimated to remain at a stable level of uptake during the course of the MTFP. The profitability of the in-house catering service will continue to be monitored.

#### **Staffing Structure**

Directors were advised that there is an intention to reduce Trust staffing from 271 down to 265 over the MTFP period. It is hoped this will be achieved by natural wastage.

**Governor Question:** Why are we employing extra admin staff when the intention is to reduce staffing levels over the next few years.

**Response:** The roles that have recently been advertised and appointed to are support roles which are essential to the operational and pupil support process. Not all of these roles are full time.

### **Pay Awards**

#### **Teachers**

The Secretary of State wrote to the Teacher Pay Review Panel in March 22 with his evidence for the 2022 pay award. The report sets out proposals for how the pay awards for the academic years 22/23 and 23/24 should be applied to meet the government's ambition to raise teacher starting salaries to £30,000 as detailed in the table below:

#### **Proposed Pay Awards**

It was agreed with senior leaders to include budget provision in 22/23 and 23/24 in-line with the above proposals with a further annual uplift in 24/25 of 2% across all teaching pay points.

**Governor Question:** Has the £30k starting salary for teachers been agreed nationally?

**Response:** This comes into force by the DFE by 2023/2024 and has been reflected in the proposed budget.

### **Support Staff**

Directors were informed that negotiations have not yet begun for the April 22 pay award. However, it would be reasonable to provide for a pay award in-line with the teaching staff position. There is also potential for the award to be weighted towards the lower spinal column points.

Following discussions with the senior leadership team it was agreed to assume an annual uplift of 3% across all pay support staff pay points with effect from 1st April 2022 with further annual increases from April 2023, April 2024 and April 2025 of 2%.

**Governor Question:** If the pay award is higher than predicted, how will this be funded?

**Response:** As all schools are in the same position, it is likely that a supplementary grant will be provided just like when the National Insurance employers contributions rose. If a supplementary grant is not funded, we will need to make up the shortfall.

### **Staffing on-costs (Pension contributions)**

The CFO reported that the Trust contributes to both the Local Government Pension Scheme (LGPS) and the Teachers' Pension Scheme. Both funds undergo an actuarial valuation every three or four years to review the assets and liabilities of the Fund and to determine the rate of contributions which each employer must make.

### **Teachers Pensions**

The teachers' pension rate for employer's contributions increased from 16.48% to 23.68% from September 2019. This increase in employer pension contributions continues to be funded through an element of the national funding formula. The results of the next valuation of the TPA are expected to be implemented in April 2023.

### **LGPS**

The last triennial valuation took place in March 2019 and the resulting revised employer's rates. These rates are reflected in the MTFP and are summarised below:

The results of the next triennial valuation of the LGPS will take effect in April 23, midway through the 22/23 academic year. It has been assumed that the 2022/23 rates will continue in 2023/24 and 2024/25.

### **Non-Staffing Costs**

All other non-staffing costs have been reviewed with the Head teacher/CEO/CFO/Head of School. 2021/22 projected income and expenditure has been used as a base-line (this has been adjusted to take account of the impact of the pandemic on elements of expenditure, where applicable), and areas of growth and savings have been incorporated where appropriate. The cost of membership of the Risk Protection Arrangement (RPA) is confirmed by the ESFA to increase from £19 to £21 per pupil for 2022/23.

#### **MAT Central Budget**

Directors advised that the Trust operates a central MAT budget which is funded from contributions from individual academies. The central budget in Swift Academy funds HR and Payroll services, Finance support and software, external audit, CEO and Central Team employee costs.

#### **Key risks/budget sensitivity**

The CFO drew Directors attention to the key risks and budget sensitivities outlined on page 6. He commented that it was becoming increasingly competitive to gain grants.

Directors informed that in line with the wider position throughout the sector, the Trust faces financial pressures in the next few years due to lower birth rates in the Primary sector. Staffing costs are expected to continue to increase in the MTFP which means that in real terms the Trust will need to make financial savings to offset the increasing staffing costs for future years. An allowance has been made in 20/23 for potential restructure costs. The anticipated levels of reserves at 31st August 2022 are 4.9% of GAG. The optimum level of reserves is in the region of 4-5%.

#### **Key performance Indicators**

The Finance and Resources Committee receive monthly updates on the KPI's: Directors were asked if the KPI's needed to be updated for 2022/2023?

Directors RESOLVED that the proposed 2022-2023 budget and MTFP (appendix 1) was recommended for approval by the Board of Directors and that the financial KPI's for 2022-2023 continue as agreed previously.

#### **Benchmarking Report 2020/21**

The Academy Benchmarking Report for Swift Academies and Benchmarking Data Table had been shared with Directors prior to the meeting. The CFO highlighted areas where the schools within the trust have performed against other similar entities

**Governor Comment:** on review there is nothing of concern.

#### **Capital Works Update**

The Trust Business Manager provided an update regarding Capital Works. She advised that five bids had been submitted. An appeal has been put forward for two bids as they were within a few points of the threshold. Further updates will be provided once a final decision is made, however it will be too late to enable contractors to do any work during the Summer break.

There will be another opportunity to re-bid in the Autumn.

A second round of Condition Data Surveys (CDC) is due to take place at Longfield Academy; we expect to receive a survey date before August 2023. Results of this survey will enable us to prioritise spending and enable the future planning of funding applications

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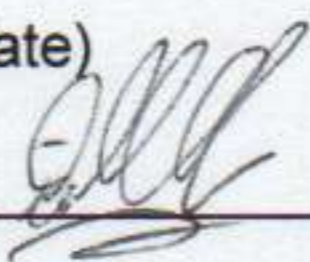
<p>11.</p> <p>12.</p> <p>13.</p> <p>14.</p> <p>15.</p>	<p>In-house maintenance work has been planned over the Summer break.</p> <p>Governors advised the existing external Health &amp; Safety Advisor is retiring and several alternative options were being considered</p> <p><b>Governor Question:</b> Did the fire safety project come in within budget?  <b>Response:</b> £300k received, approx. £200k spent leaving £1000k for making good carpets and ceiling works.</p> <p><b>Risk Registers</b>  The Risk Registers for Hurworth School, Longfield Academy, The Rydal Academy and Swift Academies had been shared with Directors prior to the meeting.</p> <p>Directors were advised that these registers had also been circulated to LGB Governors.</p> <p><b>Governor Question:</b> Asked whether there should be a separate section for cyber risks? Are we still leaving Covid on the register?  <b>Response:</b> The Trust Business Manager confirmed IT cyber attacks were included in the Trust insurance policy up to £250k. Covid remains on the register but has been reduced.</p> <p>Directors RESOLVED that the content of the Risk Registers were noted.</p> <p><b>Policies for information:</b></p> <p>a) Anti-Fraud and Corruption Policy  b) In-Year Admission Policy</p> <p>The above-mentioned policies had been shared with Directors prior to the meeting.</p> <p><b>Any urgent other business raised under item 3</b>  None.</p> <p><b>Approval of documents for inspection**</b>  Directors RESOLVED that the agenda, supporting documents and approved minutes be made available for public inspection</p> <p><b>Date and time of future meetings</b></p> <ul style="list-style-type: none"> <li>Thursday 23 March 2023 – 4.30pm at The Rydal Academy</li> <li>Thursday 22 June 2023 – 4.30pm at Hurworth School</li> </ul>	<p>CFO</p>
	<p><b>Action Points:</b></p> <ul style="list-style-type: none"> <li>Sign Declaration of Interests Form – All Directors</li> <li>Update DOI form for website – Clerk</li> <li>Sign approved minutes – Chair</li> <li>Sign Code of Conduct form</li> <li>Update Teacher money log with 'the log will be handed over to <b>Finance in a timely manner.</b></li> <li>Separate section for Cyber Attack on risk registers - CFO</li> </ul>	



These minutes were approved by the Chair of the Finance and Resources Committee, as follows:

On 1/12/22..... (date)

signed by: (Chair)



printed name:

G. MIDDLE

**Explanatory notes:**

\* Minutes of the previous meeting are draft and cannot be issued until the Board of Directors approves them at the current meeting. This gives the Board the opportunity to correct any inaccuracies and review 'approval of documents for inspection' (see below). Detailed minutes of discussions are inappropriate and likely to inhibit the full and frank exchange of views and debate.

\*\*'Approval of documents for inspection' is a section within the minutes which gives the Board of Directors an opportunity to withhold from public consumption information which has been deemed to be inappropriate for general release, e.g. personal information concerning identifiable pupils and/or teachers. Supporting documentation could, for example, include the names of pupils or teachers

**Freedom of Information Act 2000**

Directors need to be aware that despite withholding documents under 'approval of documents for inspection', they could still be requested under the Freedom of Information Act 2000. If this is the case, the school needs to consider the request and the application of possible exemptions. You are advised to seek further advice

APPROVED