

Swift Academies

Success will inspire future triumphs

Finance & Resources Committee
4:30pm, Thursday 1 July 2021

Present a virtual meeting held via Microsoft Teams

- **Directors**
Stuart Hargrove (Chair), Keith Bernstone,
Dean Judson, Michael Garmston, Geoff Liddle
- **also**
Glen Hart, Chief Finance Officer, Swift Academies
Sarah Jones Trust Business Manager, Swift Academies,
Bethany Wright, Swift Academies
Tracey Curtis (Governance Partner, Avec Partnership)

<u>ITEM</u>	<u>DESCRIPTION OF DISCUSSION</u>	<u>ACTION BY</u>
1	Welcome, introductions and confirmation quorum present 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. Five (5) Directors were present.	
2	Apologies for absence and their acceptance Directors were informed that the Heads of School, Head Teacher and ICT Manager would not be attending this meeting of the Finance and Resources Committee of Swift Academies. Directors RESOLVED that the information was noted.	

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- 3 Notification of items of urgent other business**
- items that the Finance and Resources Committee of Swift Academies regard are of sufficient urgency to warrant consideration at the end of the agenda.
- No items of urgent other business were notified.
- 4 Declaration of personal and pecuniary interests**
- a) complete / review the Register of Interest
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.
- 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.
- Directors confirmed that their respective Register continued to be accurate and up to date.
- 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.
- 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
- 5 Approval of Minutes / review of agreed actions / matters arising**
- Finance & Resources Committee of Swift Academies June 2020
The draft minutes of the Finance and Resources Committee of Swift Academies held on Thursday 4 March 2021 had been shared with Directors prior to the meeting. A copy would be retained on file.
- 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 4 March 2021 and should be signed by the Chair. The signed, approved minutes would be retained by the Trust Business Manager.
- 6 Management Accounts Report 2020-2021 and update**
The Management Accounts Report (April 2021) had been shared with Directors prior to this meeting. A copy would be retained on file.

Trust
Business
Manager

The Chief Finance Officer advised Directors that the outturn report had been prepared during a period of gradual return to normality and that it was hoped no further lockdowns would be enforced and therefore additional costs in relation to the coronavirus pandemic are minimal.

The Chief Finance Officer drew Directors' attention to the following specific areas contained in the circulated Management Accounts Report:

Covid-19

A claim of £58k had been submitted to the Education & Skills Funding Agency (ESFA) to cover the costs of Free School Meal (FSM) vouchers purchased for the period 5 January 2021 to 8 March 2021. The claim had been paid in full.

Employee Costs

Directors were advised that total employee costs for the period 1 September 2020 to 30 April 2021 totalled £7,558,766 compared to a budget of £7,619,827. The full year projection was reported as £11,306,265 compared to an original budget of £11,412,241. The original budget allowed for a 3% increase pay rise: the Board of Directors approved the annual pay uplift in October 2020. The full year projection also takes into account the current staffing restructures at The Rydal Academy and Longfield Academy.

Premises

Total premises cost for the period 1 September 2020 to 30 April 2021 were reported as £399,452 compared to a budget of £360,171. The overspend to date was due to additional Covid costs that were rejected from the previous claim to ESFA submitted in July and additional costs incurred since September 2020. Additional expenditure has been incurred at The Rydal Academy following a water leak and issues regarding the heating system. The whole year projection is £587,329 against a budget of £540,257.

Curriculum

Total curriculum cost for the period 1 September 2020 to 30 April 2021 totalled £536,713 against a budget of £403,178. The additional expenditure to date has mainly been for department capitation when ordering resources, the payment of annual software licences, school transport and additional IT equipment for remote learning.

The whole year projection is £674,171 against a budget of £595,814: the difference is in respect of expenditure which will be spent on IT equipment, where a grant of £170k has been received as part of the Covid Catch Up Fund.

Establishment

Total establishment costs for the period 1 September 2020 to 30 April 2021 totalled £1,244,427 against a budget of £1,356,377: the whole

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year projection of £1,852,318 against a budget of £2,005,381. The reduction in expenditure was reported mainly to purchasing fewer catering supplies when the majority of students were accessing remote learning (January 2021 to March 2021), and a reduction in exam fees following the cancellation of summer exams. In summary, expenditure was forecast as £14,420,083 compared to a budget of £14,553,693.

Income

Overall income for the period 1 September 2020 to 30 April 2021 was reported as £9,806,597, against a budget of £9,721,477.

General Annual Grant (GAG) income received from the ESFA was reported to be in line with expectations, with additional income from Darlington Borough Council for Autumn Term and Spring Term, Special Educational Needs (SEN) top-up funding for the resource base and mainstream SEN support. Two payments towards the Covid Catch Up of £100k has been received out of a total allocation of £172k.

In summary, income of £14,422,550 was forecast, against a budget of £14,553,583. The reduction in income is mainly due to reduced catering sales, school transport (Hurworth School) and a reduction in nursery income (The Rydal Academy).

Reserves

As of 31 August 2020, reserves were at £319k, with a surplus projected of £2k with anticipated reserves of £321k on 31 August 2021.

Rolling Cash Flow Forecast

At the end of April 2021, the cash balance was £1,197k: Directors' attention was drawn to the circulated schedule for details of anticipated cash balances over the coming 12 months.

Directors sought clarity from the Chief Finance Officer regarding the certainty of the projected end of year outturn position: Directors were assured that the four elements of the budget (The Rydal Academy, Hurworth School, Longfield Academy, Swift), were reviewed regularly, taking into account every income stream and expenditure. At this point in the financial year, it was reported that the projected end of year projection would be very close to the realised figure on 31 August 2021.

Directors RESOLVED that the content of the circulated Management Accounts Report 2020-2021 and information presented were noted.

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2021-2022 proposed budget including

- a) Appendix 1 – Budget & Medium Term Financial Plan
- b) Appendix 2 – Non Competitive Purchase – School Counsellor Contract 2021 – 2022

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The 2021-2022 Trust Budget and Medium Term Financial Plan had been shared with Directors prior to this meeting, including the non-competitive purchase (appendix 2) in respect of the School Counsellor Contract 2021-2022. Copies would be retained on file.

The Chief Finance Officer drew Directors' attention to the following key areas of the circulated 2021-2022 Trust Budget:

Background and context

The Chief Finance Officer stated that although there are historic uncertainties regarding the coronavirus pandemic, and the long-term lifting of restrictions, the 2021-2022 proposed budget was based on the assumption that school life would operate on a 'normal' basis from September 2021.

The proposed budget includes Hurworth School, Longfield Academy and The Rydal Academy and takes into account the current financial position of all three academies, plus central trust arrangements.

Funding

The Chief Finance Officer drew Directors' attention to the circulated 2021 -2022 proposed budget report for information in respect of funding streams, which included:

- pre-16 pupil funding
- high needs pupil funding
- nursery funding

and additional funding from the ESFA or Local Authority:

- pupil premium
- PE & Sports Premium
- Universal Infant Free School Meals grant
- Devolved Formula Capital

Proposed 2021-2022 budget and Medium Term Financial Plan (MTFP) Directors' attention was drawn to Appendix 1 for information in respect of the proposed budget for 2021-2022, a summary was also included in the circulated Budget Report. It was reported that the 2021-2022 budget projects an in-year surplus, with an overall projected reserves position of £547,000 at the end of 2021-2022. Based on the current income and expenditure predictions for 2022-2023 and 2023-2024, the level of reserves is expected to increase to £567,000.

Funding Summary

The Chief Finance Officer reported that the content of the circulated 2021-2022 Budget Report contains a summary of funding over the course of the MTFP, documenting the projected variance based on the 2020-2021 budget. Overall there was an increase in funding for 2021-2022 of £155,533.

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Directors were advised that any funding increases prove to be higher or lower than the assumptions, every change of 1% would equate to a change in the region of £118,000 GAG funding in 2022 – 2023 and £121,000 in 2023-2024.

Pupil Numbers

Directors were reminded that funding was primarily driven by pupil numbers and therefore it is important to understand the assumption being made.

Nursery pupils are funded on a termly basis: for budget planning purposes, it had been assumed that nursery numbers would remain static across the MTFP.

Pupil Premium numbers for the period September 2021 to March 2022 are based on the October 2020 census data, and pupil premium numbers for the period April to August 2022 are provisional estimates as actual pupils numbers would not be confirmed until the October 2022 census. Assumptions had been made for future years, for instance pupil numbers had been adjusted for percentage primary pupil number decreases at The Rydal Academy.

The ESFA had advised that Recovery Premium allocations would be based on pupil premium entitlement: it had been assumed that ESFA would use Ever6 as the basis of the calculation.

Catering Income

The Chief Finance Officer reported that catering income had been estimated to remain stable over the course of the MTFP. The profitability of the in-house catering service would continue to be monitored. Catering income was expected to increase in 2021-2022 when compared to 2020-2021, as it was anticipated that schools would be fully open and not impacted by further national lockdowns.

Staffing Structure

The staffing structure contained within the MTFP was included in the circulated Budget Report, and included 271 for 2021-2022 (299 in 2020-2021). Directors were advised that there was a reduction of 20 premises staff where cleaning provision had been outsourced to Bulloughs and staff had TUPE'D to the new employer.

Pay Awards

It was reported that a public sector pay freeze had been announced by the Government in November 2020, as part of the Government Spending Review. Only public workers earning less than £24,000 would receive a pay rise of approximately £250 per annum. A 3% pay uplift had been included in the MTFP across all teaching pay points with effect from September 2022.

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However, the National Employers for local government had made an offer of 1.5% effective April 2021 for support staff. Although this offer had so far been rejected by unions, a 1.5% increase had been included in the 2021-2022 budget plan and a 2% uplift across all pay support pay points with effect from 1 April 2022.

Pension Contributions

It was 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 respective funds and to determine the rate of employer contributions.

Non-staffing costs

All other non-staffing costs had been reviewed with the respective Head Teacher, Chief Executive Officer, Chief Finance Officer and Head of School. 2020-2021 projected income and expenditure had been used as a baseline, adjusted to take account of the impact of the pandemic on elements of expenditure, where applicable, and areas of growth and savings incorporated where appropriate.

Multi-Academy Trust (MAT) Central Budget

The Trust operates a central budget which is funded from contributions from individual academies at £537 per pupil. The Swift central budget funds HR and payroll services, finance support and software, external audit, CEO and central team employee costs.

Key Risks / Budget Sensitivity

Directors were informed that whilst prudence had been applied to the budget setting process, the budget plan was still subject to a number of uncertainties and risks that are outside control, including:

Other income:

- predicted future pupil numbers prove to be incorrect
- ESFA grants such as Universal Infant Free School Meals funding, PE & Sports Grant, and Pupil Premium do not continue
- that predicted school generated income could be impacted by Covid-19

Expenditure:

- that unforeseen capital expenditure such as significant building repairs will be required
- that assumptions in relation to pay awards and inflation may prove to be incorrect
- that there could be further additional costs due to Covid-19

Capital Funding and Devolved Formula Capital (DFC)

The provisional DFC allocation for 2021-2022 is £44k. This is restricted to spending on capital purchases.

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Summary of financial outlook and level of reserves

The Chief Finance Officer reported that in line with the wider position throughout the sector, the Trust faces financial pressures over the coming years due to lower birth rates in the primary sector. Staffing costs are expected to continue to increase over the MTFP which means that in real terms the Trust would need to make financial savings to offset the increasing staffing costs for future years.

It was reported that the current level of reserves are 2.8% of GAG: the optimum level of reserves was in the region of 4% - 5%. Forecast reserves of £567,038 were projected at the end of 2023-2024, this would leave the reserves at 4.6% of GAG income.

Budget Monitoring

The approved 2021-2022 budget plan would continue to be routinely and robustly monitored throughout the financial year by the Chief Finance Officer and Accounting Officer. Monthly, annotated budget management reports would be prepared and continue to be shared with all Directors every month.

Integrated Curriculum and Financial Planning (ICFP)

Directors had previously explored the School Resource Management self-assessment tool, which highlighted the importance of linking the Trust's plan to raise standards and attainment to financial plans and budget. Guidance recommends that Trusts should use integrated curriculum and financial planning to make sure that the process of setting budgets and setting the programme of learning are done in an integrated way.

The Trust currently uses some of the key metrics which form part of an approach to ICFP, as key performance indicators. It is intended to formalise the approach to ICFP during 2021-2022 to ensure that the 2022-2023 curriculum planning and the budget setting process are fully integrated.

Key Performance Indicators (KPI's)

The Finance & Resources Committee had previously agreed to receive monthly updates on the following KPI's:

- Primary – total staff cost as % of total expenditure
- Primary – average teacher cost
- Primary – pupil teacher ratio
- Primary – leadership as a % of workforce
- Primary – energy % total expenditure
- Secondary – total staff cost as % total expenditure
- Secondary – average teacher cost
- Secondary – pupil teacher ratio
- Secondary – SLT as % of workforce
- Secondary – energy % total expenditure

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The Chair queried the information presented in terms of % pay award and whether a grant would be received to support teachers' pay awards. The Chief Financial Officer confirmed that to September 2021 additional grants had been received for teachers' pay and pension uplift. However, whilst these grants would continue, they would be incorporated into the age weighted pupil unit (AWPU) and would not be received separately beyond September 2021. A 3% teacher pay uplift had been included over the MTFP.

Directors RESOLVED that the proposed 2021-2022 budget and MTFP (appendix 1) was recommended for approval by the Board of Directors and that the financial KPI's for 2021-2022 continue as agreed previously.

Non Competitive Purchase – School Counsellor Contract 2021 – 2022

Following discussions between the Head of School at Hurworth School and the current supplier regarding future requirements for Hurworth School, due to a change in circumstances, it was agreed a new counsellor would be identified for September 2021.

It was reported that ABC Counselling, is utilised at Longfield Academy; they offer a service for staff and parents / carers as well as children and young people. They have a proven track record of delivering bespoke training in schools, residential children's homes and Early Help teams. The training includes basic counselling skills, attachment and mental health awareness and also provide school staff and senior leaders with supervision using Reflective Learning Time.

A review of the market to identify suppliers who would meet the requirements of both Longfield Academy and Hurworth School, an alternative provider could not be identified that would meet the bespoke needs.

Directors were asked to approve the non- competitive purchase of ABC to support pupils at Longfield Academy and Hurworth School from September 2021, initially on a one-year contract (Longfield Academy £24,000; Hurworth School, £17,745).

Directors RESOLVED that the non-competitive purchase in respect of ABC was approved. The Chair would sign the non-competitive purchase.

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Benchmarking Report 2019-2020 Benchmarking Data Table

The Academy Benchmarking Report for Swift Academies and Benchmarking Data Table had been shared with Directors prior to this meeting. Copies would be retained on file.

The Chief Finance Officer discussed with Directors the content of the circulated Academy Benchmarking Report and Benchmarking Data Table.

Directors RESOLVED that the content of the circulated Academy Benchmarking report and Benchmarking Data Table were noted.

9 Internal Assurance Report

The Internal Assurance Report (period ended 31 December 2020) had been shared with Directors prior to the meeting. A copy would be retained on file.

Directors' attention was drawn to the content of the circulated Internal Assurance Report and the summary of key findings contained in the report. The content of the report indicated an overall assessment of the systems in place at Swift Academies, which included only minor weaknesses in the controls and compliance standards which require the attention of management to help maintain a robust system of internal control.

Directors RESOLVED that the content of the circulated Internal Assurance Report prepared by Anderson Barrowcliff (Chartered Accountants and Business Advisers), was noted.

10 Letter from Baroness Berridge

The recent communication from Baroness Berridge (June 2021) had been shared with Trustees prior to the meeting. A copy would be retained on file.

Trustees RESOLVED that the content of the circulated communication was noted regarding the proposed changes to the Academy Trust Handbook (formerly Academies Financial Handbook) were noted, effective September 2021.

11 Capital Works update

The Trust Business Manager provided Directors with an update in respect of Capital Works: five bids had been submitted to the Condition Improvement Fund 2020-2021. Three projects had been successful and would attract a total of £907,000 funding.

The successful projects and associated funding were reported as follows:

- The Rydal Academy (fire safety project): £171,000
This would see the replacement and upgrading of fire doors and introduce safety compartments above ceilings to prevent spread in the event of a fire.
- Hurworth School (fire safety project): £301,000

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This project would also see the replacement and upgrading of fire doors and introduce safety compartments above ceilings to prevent spread in the event of a fire.

- Hurworth School (replacement of heating system): £435,000
To replace aged system which is now past its life expectancy, including heat distribution and controls to be upgraded which will improve the whole system efficiency saving and result in cost savings.

Directors were advised that the successful CIF applications contained a contribution from the Trust of £10,000 per bid: the Trust Business Manager and Chief Finance Officer had taken a cautionary approach to the commitment of funds to the respective projects.

Directors sought assurances from the Trust Business Manager that the capital works would be completed on time for reopening in September. The Trust Business Manager advised that the projects would take the whole of Summer to be completed due to the scale of the projects but assured directors that they would be completed before pupils returned, adding that a contingency plan had been considered should the works be delayed.

Directors RESOLVED that the information presented was noted.

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Risk Registers

- a) Hurworth School
- b) Longfield School
- c) The Rydal Academy
- d) Swift Academies

The Risk Registers for Hurworth School, Longfield School, The Rydal Academy and Swift Academies had been shared with Directors prior to this meeting. Copies would be retained on file.

Directors were informed that the Risk Registers had been circulated as part of the Local Governing Body meetings during Summer Term 2021.

Directors RESOLVED that the content of the circulated Risk Registers was noted.

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Policies for Review

- a) Assets and Disposal Policy

The Assets and Disposal Policy had been shared with Directors prior to the meeting. A copy would be retained on file.

The Chief Finance Officer reported that the Assets and Disposal Policy had been reviewed to ensure it continued to be fit for purpose. The titles of responsible staff had been updated to reflect more accurately the day to day practices across the Trust.

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Directors RESOLVED that the content of the circulated Assets and Disposal Policy was noted: the Policy was approved and adopted with immediate effect.

b) Central Services and Appeals Process

The Central Services and Appeals Process had been shared with Directors prior to the meeting. A copy would be retained on file.

Directors RESOLVED that the content of the circulated Central Services and Appeals Process was noted: the Process was approved and adopted with immediate effect.

- 14 **Any urgent other business raised under item 3**
No items of urgent other business had been raised.

- 15 **Approval of documents for inspection**
Directors RESOLVED that the agenda, supporting documents and approved minutes be made available for public inspection

- 16 **Dates, times and venue of future meetings** (from 4:30pm)
• to be confirmed

The Chief Executive Officer thanked Keith Bernstone for his commitment and support as part of the governance arrangements of Hurworth School and Swift Academies. Directors were informed that Keith Bernstone would continue as a Member of Swift Academies and Longfield Trading as a Director.

These Minutes were approved by the Finance & Resources Committee of Swift Academies as follows:

1/12/24 (date)

signature (chair): 

name: SWIFT ACADEMIES

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Approved

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