

## MINUTES

### Second autumn term 2017 meeting of the Trust Board

Held at Penketh High School on Wednesday 13 December 2017, 6pm

#### Present:

Gemma Johnson  
Matthew Grant (CEO)  
Howard Platt (Chair)  
John Monaghan  
Linda Waterson  
Maureen Mellor  
Neil Pearson  
Paul Hinds  
Stephen Whatmore  
Toby Macormac

#### In attendance:

GJ	Andrew Moorcroft (Beamont Collegiate Academy)	AM
MG	Damian McGuire (Priestley College)	DMc
HP	John Carlin (Penketh High School)	JC
JM	Tim Long (Bridgewater High School)	TL
LW	Vicky Briggs (Great Sankey Primary School)	VB
MM	Philip Dyke (Governor – Priestley College)	PD
NP	Mike Benson (Murray Smith)	MB
PH	Bev Scott-Herron (Sir Thomas Boteler High School)	BSH
SW		
TM		

### Part One – non confidential business

#### 1. Welcome

The chair welcomed all to the meeting.

#### 2. Absence/Apologies

The chair informed the Trust Board of the following apologies:

- P Hinds (Trustee)
- G Johnson (Trustee)
- J Monaghan (Trustee)
- T Long (Central Executive Team)
- A Farquharson (Member of the Audit and Risk Committee)

#### 3. Declaration of personal interests

Trustees were asked to declare any interest they may have, pecuniary or otherwise, relating to this meeting. No interests were declared.

The clerk reminded Trustees to return their pecuniary interest forms, if they had not already done so.

#### 4. Minutes of the previous Trust Board meeting – 15 November 2017

##### a) Matters Arising

**A Trustee asked** what the Governor Seminar is. The chair informed the Trust Board that the Governor Seminar is an opportunity for different governors to meet with a view to collaborate and cooperate.

A Trustee advised that the minutes from the last meeting should have the following information:

The Trust Board will meet at 6.00pm and the Governor Seminar will commence at 7.30pm.

*DMc and MB arrived at 6.06pm*

The minutes of the previous meeting held on 15 November 2017 were confirmed as a correct record and signed by the chair.

## **5. Draft Account**

The Trust Board welcomed MB to the meeting.

MG thanked DMc for preparing the accounts in a presentable format for the meeting.

The Trust Board were informed that the accounts are not complete as the valuations of two properties in the trust have not yet been confirmed.

MG explained that the Education Skills Funding Agency (ESFA) may wish to take a close look at the accounts if they are not tabled by 31 December 2017.

*JC arrived at 6.07pm*

DMc advised that a set of figures is subject to change in relation to the valuation of the buildings; this will affect the balance sheet and statement of financial activities. This will have an impact on the depreciation (e.g. whether there will be a surplus or a deficit). DMc advised that the cash flow statement is not prepared as the final balance sheet is not yet complete.

When final figures have been received the 'Financial Statements' document will be adjusted. Following this, the notes will be updated to match the figures.

DMc advised that, in terms of the actual Statement of Financial Activities (SOFA), there was approximately a surplus of £250,000 before depreciation.

Trustees were asked to refer to page 20 (Balance Sheet); the 'Fixed Assets' section highlights an issue with regards to valuations of properties. A note will be added in the accounts that will take reference to the ESFA valuation that should have been available for the accounts.

Trustees noted that the position is strong at £5.5 million.

DMc acknowledged that there may be concerns with regards to the pension liability. This is an accounting adjustment and will only become a liability should the Trust stop operating.

MB reported that the finance team have been under pressure in finalising figures given the deadlines and informed Trustees of the amount of work that must happen before the figures are completed:

- Requirement from previous entities
- Receiving information from different accounts from a variety of sources
- Using a new system

MB acknowledged that timing has been difficult, and this has been a big task for the finance team given the resources in place.

*PD arrived at 6.14pm*

MB explained that during a 'normal' year Murray Smith would carry out an interim visit in May to view the system and visit the schools. A final visit would then take place. This unfortunately could not be done under TCAT's circumstances. Murray Smith have audited the individual schools; the vast majority of work has now been completed. The accounts must now be completed in order to be signed off.

The chair acknowledged that, by Christmas 2017, the Financial Statements will be signed and filed for Christmas. The chair volunteered to spend time over Christmas reviewing the document, with a view to sign off before 31 December 2017.

**A Trustee asked** where the figures and valuations come from. DMc advised that he has been in touch with a number of sources to determine Sir Thomas Boteler's valuation; he has recently been given a lead to the valuation that he has shared with MB.

MB informed the Trust Board that while the valuations are required, they are academic. MB advised that it would be sensible to add a note within the account to explain how the valuations have been determined. MB confirmed that he was happy that the reader of the accounts will understand the circumstances. The valuations will not have an effect on the running of the trust.

MB highlighted that it would be beneficial if the valuations were expressed on a consistent basis going forward.

**A Trustee asked** if someone were to do a desk valuation, would it be done per acre. MB advised that it could be done if someone would be willing to carry out this investigative work at a low cost.

Trustees were informed that the valuations were discussed in depth at the Finance, HR and Operations Committee on 6 December 2017. Various ways of how buildings can be valued was also discussed. Trustees accepted this as an anomaly.

a) Financial Statements Trustees Report

Trustees were asked to review the document and highlight anything for discussion. MB advised that the Trustees Report outlines how the Trust is structured.

DMc informed the Trustees that part of the Trustees Report will be from the Memorandum and the Articles of Association.

### ***'Related Parties and other Connected Charities and Organisations***

MB confirmed that Priestley Education Trust is a charity; this section would perhaps not be included in other academy documents.

**A Trustee asked** if the connected charities have a charity commission liability. Trustees were informed that while the charity is registered, the annual income is low therefore minimal reporting is required. The charity raises money to support hardship of past and present students of the college.

### ***Objectives and Activities***

**A Trustee asked** is the information from the Objectives and Activities section had been authored by the Trust. MG confirmed that this information has been taken from TCAT documentation.

### ***Achievements and Performance***

MB advised that as the period of operation is short (1 May 2017 to 31 August 2017) it is difficult to discuss achievements and performance; this is something that will be modified in the future.

### ***Going Concern***

MB explained that the biggest obligation when signing a set of accounts is for Trustees to assess and agree that the Trust has adequate resources to continue for the foreseeable future (12 months). Trustees will continue to adopt the going concern basis in preparing financial statements.

MB advised that there will be physical forecasts available in future.

Trustees felt confident that there are sufficient resources for the next 12 months and that the forecast does not show any signs of loss.

### ***Reserves Policy***

**A Trustee asked** the difference between 'Unrestricted Reserves' and 'Restricted General Reserves'. MB explained that Restricted Reserves would be anything from the Education Skills Funding Agency, and must be spent on particular charitable objectives. Unrestricted Reserves are an income outside of the charitable objectives (e.g. catering); this is anything that is generated by the school that does not relate to the specific aims of the charity. There is much more flexibility with Unrestricted Reserves.

MB informed the Trust Board that the accounts are based on charity legislation therefore are designed within the charity framework. A Trustee understood that apart from the central pot, all the money remains the ownership of each institution.

MB reminded Trustees that TCAT is one legal entity, and board decisions may be made to use funds from one institution for another. However DMc advised that if there is a situation where an institution would like to leave the MAT, there will need to be a record of the money used across institutions; the Trust would be obligated to repay this money.

**HP asked** if Trustees were happy for him to sign the Trustee's Report.

The Trustee's Report, incorporating the Strategic Report, was **approved** by the board of Trustees. The report was signed by HP on behalf of the board.

b) Financial Statements Governance Statement

Trustees acknowledged that the below matters have been reported to them:

- Review of Value for Money
- The Purpose of the System of Internal Control
- Capacity to Handle Risk
- The Risk and Control Framework
- Review of Effectiveness

c) Statement of Regularity, Propriety and Compliance

Trustees were informed of the Statement of Regularity, Propriety and Compliance and noted that there have been no instances of material irregularity, impropriety or funding non-compliance.

d) Independent Auditor's Report on the Financial Statements to the Members of The Challenge Academy Trust

Trustees noted that the information was not yet available to review. **A Trustee asked** if the audit report will be clean. MB confirmed it will be a clean audit report.

**A Trustee asked** if the anomalies with the fixed assets will be addressed within the report. MB confirmed that the anomalies will be addressed.

e) Statement of Financial Activities, Balance Sheet & Statement of Cash Flows

Trustees noted that the Statement of Financial Activities and Balance Sheet are an established starting point for the Trust. MB advised that future sheets will have a supporting auditor report providing separate information from each school.

f) Notes to the Financial Statements

Trustee's noted that various sections within the notes of financial statements were still to be completed therefore could not be reviewed.

g) Notes to the Financial Statements

Trustee's noted the following statements

- Tangible fixed assets
- Debtors
- Creditors: Amounts Falling Due Within One Year
- Creditors: Amounts Failing Due In Greater Than One Year
- Funds
- Analysis of net assets between funds

DMc advised that the debtors' amount will be lower given that the money from Warrington BC has not yet been received for two schools; the prepayments and accrued income will be lower. Trustees were informed that two of the schools have received condition improvement funding.

**A Trustee asked** if DMc could confirm what a Salix loan is. Trustees were informed that a Salix loan supports Priestley College's efficiencies (e.g. solar panels and lighting). The loan can be repaid based on the savings made over the life of the loan.

Trustees acknowledged the vast amount of information with regards to pensions.

MG advised that the Finance, HR and Operations Committee scrutinised the accounting policies on 13 December 2017 as they were not available for the Audit and Risk Committee meeting (11 October 2017). This was an exceptional circumstance.

Trustees confirmed they were happy with the balance sheet and were reassured that the Finance, HR and Operations had given the documents appropriate consideration.

**A Trustee asked** if MB is satisfied with what they have analysed. MB advised that he is satisfied that the numbers will be correct and that the accounts will be signed off. MB recommended that the key to making the process more effective would be a central finance team.

The Trust Board thanked DMc and MB for their achievements; they noted that it would have been ideal to view the accounts however understood the reasons for the delay.

*PD, DMc and MB left the meeting at 7.00pm*

MG acknowledged that DMc has been a competent resource and noted that without the financial cushion from other institutions, the outstanding balances from Sir Thomas Boteler and Great Sankey Primary School could have caused serious financial implications.

LW advised that she would make enquiries to the local authority on behalf of TCAT with regards to the outstanding balances.

**Action: LW to speak with DMC and the local authority about the outstanding balances.**

**A Trustee asked** if it would be beneficial to share the Financial Statements document with Local Governing Boards. MG confirmed that the document will be a matter of public record therefore Local Governing Boards can have sight of this.

**A Trustee asked** if any further support is required before signing the Financial Statements. HP confirmed that further support would not be required; he noted that while Trustees wished there had been a lengthier opportunity to review, they understood the difficulties.

Trustees noted that there may be a future need for a central financial resource and felt a discussion would need to take place to determine how this would operate.

MG made a recommendation that all Trustees are sent a final set of figures highlighting the differences to what has already been reviewed. MG advised that there will be no issues and the accounts are a clean set.

**Action: Final set of figures to be circulated to Trustees, highlighting the differences.**

*AM left the meeting at 7.05pm*

Trustees wished to note DMC's incredible work with regards to collecting the information.

The Trust Board expect a regular reporting routine moving forward.

*DMC returned at 7.07pm*

## **6. MAT Update**

The Trust Board was informed that the agreed date for Penketh South Primary School's conversion is 1 April 2018.

**A Trustee asked** if there are any updates with regards to schools wishing to join. MG advised there were no updates.

## **7. Local Governing Board Constitution Proposals**

The Trust Board was informed that Priestley College's local governing board will remain the same.

S Titchard sent an email to the clerk confirming Sir Thomas Boteler High Schools' local governing board constitution:

- 1 Headteacher

## The Challenge Academy Trust (TCAT)

- 1 Staff
- 2 Parents
- 1 Community/Co-opted
- 3 Foundation (Chester)
- 3 Foundation (Liverpool)
- 1 Foundation (Warrington Education Trust)

BSH reported that the Diocese of Liverpool was planning to withdraw management and governance for Sir Thomas Boteler High School however this is no longer the case.

NP advised that Great Sankey Primary School's local governing board's constitution will be changing however this is yet to be agreed.

The Trust Board was informed that there are a number of new governors on at Beamont Collegiate Academy; this has strengthened the local governing board.

### **8. Policies**

MG advised that he is in the process of streamlining policies from all the schools, and the college. There are currently 70 across the Trust. It is likely that the vast majority of policies will remain at local governing board level.

### **9. Any Other Business**

There was no further business to report.

### **10. Proposed future meeting dates**

Spring 2018:                      Wednesday 14 February 2017, 6pm (*with Governor Seminar to follow at 7.30pm*)

Summer 2018:                      Wednesday 4 July 2017, 6pm

*The meeting closed at 7.11pm*

### **SIGNED**

*Chair:* .....

*Date:* .....