

**MINUTES OF THE 103rd FINANCE AND RESOURCES COMMITTEE MEETING
HELD AT ASHCROFT TECHNOLOGY ACADEMY ON
WEDNESDAY 9 DECEMBER 2021 AT 16.30**

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

In Attendance: Jane Kiddell (JKD) (Minutes)

Start Time: 16:30

1. Apologies for absence

The only absentees were Tony Bothwell (TB) due to connectivity issues and Rachel Brannagan (RB).

2. Declaration of interest

No interests were declared.

3. Minutes of Last meeting

DW asked for an update on the aftermath and cost of the Ransomware update. RJP confirmed this will be included in his report.

DW noted that he will discuss with RJP and DMI the possible implications for ATA of the new guidance updates in the Academy's financial handbook.

DW commented on the staff attendance bonus and how this would be affected if ATA was placed into another lockdown after the Christmas break.

DW asked if anyone had any comments on the updated policies that had been shared with Colleagues at the previous meeting. RJP confirmed that he had not received any further comments and asked if Colleagues were now happy for him to place those on ATA's Intranet, which they confirmed.

The previous minutes were agreed and signed as an accurate record.

4. Matters Arising

In the July meeting of the FRC, RJP had listed a number of areas of implementation to ensure that ATA minimize the impact of any future ransomware attacks, some elements of which were not able to be completed over the summer. It had been agreed at the July meeting that ATA would purchase additional software called RansomCare Software Solution. This software sits on the network and detects any ransomware activity. The software wasn't able to be installed in the summer due to time delays, and ATA needed to undertake a proof of concept and test the product on the ATA system to ensure that it would operate appropriately before installation.

It was agreed at the October meeting that colleagues were happy with the testing to go ahead but that RJP would supply costings for this software to Colleagues after confirmation that the testing was successful.

RJP confirmed that the testing went ahead on Friday 3 December and had been successful. The software approaches ransomware containment in a completely different way from other products and quickly detects any abnormal behaviour, shutting down the offending client PC, disabling the user account immediately and therefore stops the

encryption of any ransomware from spreading across the rest of the network. The software produces a report of what has been compromised, where the attack started, the offending workstation, and the user account.

This process happens in real time and abnormal behaviour is identified and picked up immediately. The software isolates any virus, contains it to the device where it is first detected and doesn't allow it to go any further.

RJP had discussed the software with ATA's network team and it was agreed that it is a very worthwhile product to run with the other detection systems that ATA has in place. This will provide added protection and assurances that any future attempt to attack ATA through a ransomware approach will be dealt with at source and will not affect the rest of the system.

The cost for a three-year contract, which includes installation and training, remains at the previously quoted figure in June of £22.5k for three years. Since June, the product cost has increased in price, it would now cost £23.5k for the same provision. The provider has agreed that they would honour the original price, if ATA were to proceed with this and, once this has been agreed, can be implemented over the Christmas period.

KC commented that after all the problems that the virus caused last May it is important to have this. The three-year cost of this would cover the cost of downtime, reinstallations and lost work.

FRC members were happy for the purchase to proceed.

5. Annual Report and Financial Statements 2021 – Academy

RJP took Colleagues through the Annual Report and Financial Statements for the year to 31 August 2021. Circulation of the report had been delayed and RJP would circulate the draft copies tomorrow. RJP informed colleagues that the Audit Manager from Buzzacott is happy with how the work has gone and with the figures that are currently in draft form.

The detail that is within RJP's report to the FRC reflects the figures that will appear within the finalised financial statements. There are no identifying areas that are of major concern.

RJP asked that once FRC members had received the document if they could review the documentation and provide RJP with any comments by Thursday 16 December.

RJP briefly talked colleagues through the report. As part of the audit process, ATA has to complete additional supporting documents in the form of a Fraud Prevention questionnaire and an Regularity Self-Assessment. The Fraud Prevention Questionnaire asks if ATA have identified any attempted fraud or have been subject to any fraud in the year and to detail what controls ATA has in place to prevent any fraud in the first place. The Regularity Assessment focuses on wider aspects of financial and HR internal controls and again is presented in a questionnaire-style format. RJP confirmed that both of these documents have been completed and are now with the auditors. RJP asked colleagues for their comments.

The document referred to as the Academy's Accounts Direction is updated each year by the Education and Skills Funding Agency. Over the past few years there has been stronger emphasis on academies operating as a going concern, seeking confirmation that they are financially sound going forward.

The document also seeks to ensure that all academies, whether in a Multi or Single Academy Trust, report in a generic way, so that the sets of accounts are in a familiar format. RJP summarized the position for the year for the Academy which showed almost £1.8 million deficit movement in the Statement of Financial Activities (SoFA), which includes pension fund movement and depreciation costs.

The more accurate position for the year was a deficit of approx. £340,000 when simply based upon the income and expenditure record for the year. That figure is slightly differently in terms of the review that ATA has from the auditors, as it should include anything where ATA used revenue funds to purchase capital assets.

ATA also spent around £90,000 of its revenue on capital in the year, which adds to the above deficit giving an actual total of around £430,000, which would be deemed to be called ATA's operational deficit for the year.

DW asked about spending on fixed assets and RJP told Colleagues that ATA's experience would be replicated in many academies. Unless academies are going through a period of major refurbishment or new build, they are likely to be showing higher figures for asset depreciation in the year than actually paying out for new assets.

Most academies would have had acquired buildings years ago and those drop in value by 2% a year. A lot of the fixed equipment is in place for many years and depreciates but will remain fully usable for many years to come but will hold no financial value in the accounts. Their accounts will reflect these circumstances along with pension fund movements. The same experiences will be had within the vast majority of other academies.

The deficit in the year was broadly as ATA had predicted in view of enhanced staffing costs of an additional 9%. ATA's reserves, which pre this year were at £4.5 million have decreased to approximately £4 Million. At the end of the current year ATA is forecasting an £800,000 deficit, which would mean that total reserves would drop to £3.2 Million.

The estimate for increasing staff costs is, whilst still increasing, at a significantly lower level, anticipated at approximately 3.3% this year.

There has been little expenditure on fixed assets in the year.

ATA has received ICT equipment from the Department for Education (DfE) and in total acquired 181 laptops and 10 iPads in the year for which the Academy has been grateful. These assets have added a total of £29K worth of assets, which ATA has included within its accounts as donated assets.

6. Responsible Officer Report

RJP told colleagues about the Responsible Officer's report. The report is submitted along with the accounts. This documents the work that SH undertakes as the Responsible Officer. SH would normally visit the Academy several times in the year but unfortunately both last year and the year before, this had to be undertaken remotely. It gives both ATA's auditors and the DfE reassurance that there is an internal audit process that takes place within the school. RJP thanked SH for his contribution.

7. Academy Trust 5-year financial forecast

The five-year forecast was updated on the document that was presented last year and is similar in terms of the forecast. The position at the end of each year ATA is estimating approximately £800,000 overspend this year with approximately £0.5 million overspend predicted each year after that. ATA is budgeting for approximately a 2% increase in the income received each year from the DfE. Based upon the five-year forecast and where the accounts were at the end of August, the reserves that were at £4.5 Million will be just over £2 Million after three years. Then at the end of five years, this figure will be less than £1 Million, which brings into focus the need to find efficiencies and/or additional sources of income.

8. Academy Trust Risk Register

RJP presented this to trustees with a number of suggested alterations to the register agreed the previous year. This led to alterations to the risk scoring across the number of the items and also the addition of one new risk, which was the fact that ATA has moved responsibility for the monthly payroll payments to staff to Wandsworth Council for them to process on ATA's behalf and hence brings additional risk to consider.

RJP listed the other agreed amendments to the register for the benefit of Colleagues and asked that if they had any comments to let him know.

9. Revenue Funding

RJP reported to colleagues that with the changes to processing of the payroll, the month end reporting documentation from Wandsworth is still being finalised in terms of its relevant coding for accounting purposes. RJP advised colleagues that once the month end coding of salary costs has been resolved, he will then update the accounts for the current academic year.

10. Annual Report and Financial Statements 2021 – Trading Subsidiary

RJP told Colleagues that there was not much to report other than ATA has had a very similar experience to the year before with both years experiencing periods of lockdown, which meant ATA was not able to hire out the Openview facility during those periods of time. The turnover between the two years and the resulting Gift Aid payment that the Trading Subsidiary is able to donate back to the Academy was virtually identical for the two years. RJP told Colleagues that the subsidiary accounts would be issued in due course, as would the annual Post Audit Management Report.

DW asked KC if he would work with RJP and DMI to provide an external input to a study of the methodology, potential savings and outcomes involved if we now question whether it is a good idea or not to retain the Openview sports facility or to seek to end the lease. KC is happy to liaise on this and provide an outside perspective after the Christmas break.

RJP asked colleagues if anybody had any further comments and DW thanked RJP for his very comprehensive report.

11. Any Other Business

No other business was declared.

DW thanks colleagues for attending and their continued support.

Signed: _____

Richard Whitcutt

Chair of Finance and Resource Committee

Date: _____

30 March /2022