Audit & Risk Committee Meeting
Focus: Audit & Risk
Monday 14 November 2022 at 17:00 – 19:30
via Teams

Directors present		
Sue Shelley	Nexus MAT Director – Chair	SS
Rachel Potts	Nexus MAT Director	RP
Ray Palmer	Nexus MAT Director	RPa
Steve Booth	Nexus MAT Director	SB
Naveen Judah	Nexus MAT Director	NJ
Also present		
Warren Carratt	Nexus MAT CEO	CEO
Karen Smith	Nexus MAT CFO	KS
Lana Stoyles	Nexus MAT Procurement & Contracts Lead (Deputising for Joel Hardwick) – until 17.45	LS
Tracie Lockwood	Nexus MAT Clerk	Clerk
Apologies:		
James Kelly	Advisor to Committee	JK
No Apologies:		

1. WELCOME & APOLOGIES FOR ABSENCE	
1.1. To receive apologies for absence Apologies were received for JK	
1.2. To accept apologies for absence Apologies were accepted for JK	
2. ITEMS OF URGENT BUSINESS	
2.1. Chair to determine any items of urgent business to be considered KS briefly outlined two potential changes to the Trust financial procedures: 1. KS would like to propose increasing the capital asset threshold to £5,000 from £2,000. Discussed with the auditors in pre-meeting. 2. The threshold for acquiring comparable quotes. Proposal to increase this to £7,000 from £2,000. KS believes this would support schools working more efficiently and not pose too much a risk re: value for money implications.	
3. DECLARATION OF INTERESTS	
3.1. Individual Directors to declare any personal, business or other governance interests on any item on the agenda. None.	
4. AUDIT & RISK COMMITTEE MEETING MINUTES	
4.1. To approve the minutes of the following meeting: The minutes of the Audit & Risk Committee Meeting held on 10 October 2022 were received and agreed as a true and proper record, and will be signed electronically by the Chair.	
4.2. Review of Action Tracker The outstanding actions on the tracker were reviewed and updated.	
4.3. Matters arising from the minutes Item 5.1: Land and Buildings Return - KS confirmed that the report has been delayed until January 2023.	
5. ITEMS TO BE CONSIDERED	
5.5. Competent Person Termly Update Report (LS) LS has been working with JH, and is actively trying to align the H&S audits with Audit & Risk meetings to produce live and current data. **Action: The data relating to the new schools, Fountaindale and Discovery will be brought to the next meeting.**	**LS/JH 06/02/23**

ProAktive have noted vast improvement across all schools. Improvement in scores to be expected from the two new schools, compared to their pre-Nexus baselines. Chart 1 (new addition) shows date of the last audit, identified actions (including high priority) and date of next audit. LS explained that the number of Fountaindale and Beech actions relate to audits carried out in February and March 2022 respectively, before they joined Nexus MAT. Chart 2 LS explained that whilst some schools are scoring lower as a percentage, you can see the actions have taken place e.g. Becton Moncrieffe has completed 43 actions. Overview LS relayed some positives from the report. ▪ Abbey has 100% and have maintained excellent standards. ▪ Moncrieffe has shown significant improvement in overall safety. ▪ LS is looking for consistency across the reporting, so could potentially see a Trust wide order re: fire doors. ▪ Crags are outstanding with H&S actions. ▪ Pennine View have notably improved since last inspection. LS confirmed that there have been no RIDDOR incidents since June 2022. Schools continue to use CPOMS and the ProAktive portal and training has also been provided for this. LS stated that she is ensuring a consistent cycle of training (fire warden/IOSH) which is booked in advance. **Action: LS to report back into the next meeting re: training in place** LS relayed the next steps/actions as detailed in the shared report. Questions/Comments CEO confirmed that Beech and Fountaindale were visited by ProAktive prior to becoming Nexus academies. The Evolve Trust approved a high volume of spend for urgent site improvements in the summer. Fountaindale's are mostly building aesthetics. CEO offered reassurance that Evolve invested heavily in those school to respond to issues and concerns. RPa was encouraged by the reports, but questioned if we had a completed fire door inspection for all our schools which had been completed by a competent person? LS replied that she and JH are meeting with RLB to potentially commission that work across the trust. **Action: ProAktive to undertake routine fire risk assessments of the site. JH to confirm what the Trust approach is to audits of fire doors as part of wider fire safety, and to confirm the schedule of audit for directors.** NJ queried if this should also apply to Trust HQ? LS confirmed that this has just been completed and the details will be included in the next report. RP commented on the low audit scores reported at Kenwood and West Riding. Whilst familiar with some of the issues, we don't want to lose sight of them.	**LS 06/02/23** **JH 06.02.23**

LS explained that Kenwood's issues relate to the age and condition of the building, which will be picked up by RLB's condition surveys. West Riding – The estates team at Barnsley College have been commissioned to rectify issues, though remains a short term site. SB requested that the data in Chart 1 be adjusted to show the date of the last audit at the top. **Action: LS agreed to make those changes for the next Audit & Risk report.** SS expressed reassurance of the direction of travel, but asked for clarification on what is classed as a low priority, what constitutes a medium priority and do we have any high priorities? Also, are these RAG rated re: timescales? LS stated that ProAktive provide a portal that separates the risk categories. Schools can action as 'completed'/'in progress', however not all schools do this due to transfer from new schools. LS has increased training in this area and is also encouraging use of system with necessary site managers. LS will provide more detail on this in the next report.	**LS 06/03/23**
5.8 Asset Strategy Update LS stated that following the tender process, we're now working with RLB as our asset partner. A review meeting is scheduled for next week (LS/JH/KS). LS confirmed that there is nothing unexpected contained within the report. The Heatherwood roof has been reported in before. Some of the minor actions could potentially be school led instead of Trust led. More information will be available at the next reporting point. Biggest area of spend is ICT. Pleased to report that schools are actively approaching the Trust for best value quotes, which also reduces risk factors. LS intends to present snapshots of data dashboard once it's completed. LS read through key areas of the report re: projects. Abbey is still having surveys completed given it has emerged there are badgers on the proposed new classroom site and will provide an update to this at the next meeting. LS shared the presentation on the Worsbrough site, sharing the interior concept ideas from the Biophillc designers. The living wall has been commissioned for action. The Transition Room has been designed for mental health. The classrooms have been designed with as much incorporated natural light and colour as possible. Classroom 3 has a tree feature wall, which is unique in design. External designs were also shared, with plans to make the most of the external spaces with some bespoke designs by woodwork artists. Also hoping to work with local sculptors. <u>Questions/Comments:</u> SS commented that it was really useful and informative.	

RP queried that when condition survey results are received, will we see a prioritised Nexus wide plan possibly linked to SCA funding? If so, what would be the timescales for this? CEO believes it to be within this school year. We're looking at reframing the Asset Strategy to Asset and ICT which is a more holistic brief and aspiration. **Action: JH to provide an update at the next Board of Directors meeting re: timescale for the more detailed Asset Improvement Plan. Also, to deliver an update in Feb and provide a bridging update to directors, with more detail possibly being provided at the March meeting.** RP expressed how exciting and amazing the designs are, but that it also raises practical questions around cost, upkeep and maintenance. LS provided reassurance that the living wall feeds and waters itself. Contacts made via the designers have now reduced this cost from £12,000 to £5,000-£6,000. NJ also agreed that slides are fantastic. NJ had intended to question maintenance costs, but this has now been addressed. SS also shared that it was powerful to see and read the slides. LS was thanked by Directors for her reports, and left the meeting.	**JH** **23/11/22** **06/02/23**
5.1. Trust Risk Register. CEO stated there have been no changes made since October, though the purpose of the review at thus meeting was to instigate further changes from Director scrutiny and challenge. Some of the bigger risk relate to funding given the unprecedented pay and energy increases. CEO believes it is his responsibility to manage income and expenditure in order to create more security. The detail will be reflected more in KS's update to the Finance Risk Register. <u>Questions/Comments</u> RP referenced the comment made earlier to auditors around financial risk re: staff turnover and was really reassured by their response - that we have a good plan in place and that we also have a good team in place. SS queried page 12 of the report. Is the plan to move to a new financial management system in 2023/24? As it's a long process, are we still able to this? CEO responded that there is time at the beginning of 2023 to tender, identify and appoint a new provider and KS has been tasked with this. This will allow 5 months of transition. KS has been doing some soft intelligence gathering on which systems are rising to the top. KS agrees and will await to see if the better plan is to move both budgeting and finance to a single new supplier. This could allow budgeting to be done earlier, but this system would not be linked to finance and would then need a separate system. SS queried date of review on report (14th November) on the risk register. CEO agreed for future meetings to leave as the date of the last meeting.	

SS questioned if an additional meeting would be necessary following the Government's financial statement on 17th November. CEO stated that it could link into HR and the risk register. We're not anticipating a reduction in school funding, and the Trust meeting schedule should allow for Directors to remain engaged via business as usual meetings. CEO believes that any cuts would be scheduled beyond the next election. This would affect the Finance Risk Register, rather than Strategic Risk Register. CEO stated that on reflection, he's made some amendments to the risk register which will be presented at the Standards Committee re: the curriculum and quality of education. The uncertainty in funding could lead to a downturn in quality of education in our schools. Our job is to find solutions to problems.	
5.2. Finance Risk Register KS stated no change to level of risk re: requirements of the Academies Financial Handbook. Schools dealing with some of these tasks, which has resulted in improvements with compliance. New risk is related to funding pressures with no increases in income, so therefore reported as a red RAG risk. Need to work with schools to find savings. KS reported that there is a strong finance team and good relationships with Headteachers. The CEO has now commissioned the CFO and team to review budgets. <u>Questions/Comments</u> RP queried what brief the Assistant CFO's have been given, when talking to Headteachers. KS responded that they're being advised to update their forecasts, focus on this year and to bring it back to a balance position wherever possible. They're having difficult but realistic conversations and that these conversations are also happening at a higher level. CEO stated that line managers have already been tasked to meet with Headteachers to provide accurate forecasting and modelling. Heads need to understand how to maintain a good level of education whilst facilitating and enabling growth, if costs can't be reduced. SB commented that we're not alone in this situation, so is glad it's been highlighted on this register. SS reflected that the content of this document is proving to become really valuable. Potential risk re: rising energy prices in the future. Do we consider creating our own energy grant scheme internally as a sensible to use of reserves. The Trust is also awaiting the final settlement to come from Evolve, of reserve funding associated with Fountaindale and Beech schools. SS commented that we need to consider the impact of some of these issues. KS questioned whether it was appropriate to amend risk number 4 (receiving a penalty notice from HMRC) to a green RAG rating as the risk is unlikely? SS queried if there are any risk to IR35 changes? Anything we need to be aware of?	

KS clarified that these checks are in place when taking on new suppliers, so not deemed a significant risk. All agreed to change rating to green.	
5.3. High Level 12-Month Delivery Plan KS stated that nothing has changed since the last meeting. No other changes to note. KS to add in 2 x debtors and creditors reporting twice a year.	
5.4. Record of Accounting Officer Financial Decisions KS confirmed that we had a National College CPD training expense of £7,500. SS queried why we pay rent for Becton School. CEO clarified that it's not unusual to pay rent across our schools. We have looked at this issue previously, but we're unable to challenge it. CEO stated that these reports have added transparency over the last 12/18months worth of reports and proved helpful in scrutiny and governance. Are Directors still happy to receive these reports? SS believes they add knowledge and are useful. RP agreed that they are useful, but could possibly be reduced over time. NJ suggested possibly introducing a cap of over £10,000. CEO proposed that they are presented the Audit & Risk meetings only (alternated), rather than every meeting. **Action: Clerks to action on future agendas**.	**Clerks 06/03/23 10/07/23**
5.6. September Budget Monitoring Report KS shared the report on screen and read through the headline figures. The latest forecasts show a trust level in-year surplus of just over £2m, however £1.1m relates to transfers on conversion for Beech and Fountaindale. Our forecast reserve position at year-end is £5.6m, which includes a cash reserve of £1.5m. Cash in bank at the end of the period was £7.4m. Key changes are: ▪ The teacher's pay award has now been approved, however overall teaching costs have increased by 1.6% ▪ Hilltop and Kenwood are in deficit: Hilltop - staffing & utility costs/Kenwood - lower post 16 numbers. KS met with Becton last week to look at reducing their deficit. Key risks: ▪ Support staff pay award will be in P2 figures. ▪ Ongoing discussion with Doncaster re: top up level. £350,000 pressure across Doncaster schools. Summary Tables: ▪ Abbey reduced forecasting relates to funding. ▪ Big improvement in North Ridge due to SCA. ▪ Projected year end of £4.1m /14%.	

- Pension figure will be significantly affected.

Questions/Comments:

NJ: Are we putting any reserves into an investment pot?
CEO: This is not something we are prioritising and maybe a separate debate. This could prove difficult if we're looking for more funding in the future. Could possibly add this as an agenda item for future meeting?
All agreed.

RP: Is Hilltop expected to return to balance and are conversations taking place with Hilltop similar to Kenwood?
CEO: Expectation that Hilltop should be moving to balanced budget this year. The Head has inherited the budget, but is working closely with the assigned Assistant CFO. Also issue with high risk pupils. Looking for placement change for one pupil.

RP: Are the cost pressures/occupancy costs related to energy?
KS: Yes and yes we have a catering cost, but food costs have increased. We are monitoring the situation, especially as some of our children have individual needs.

SB: Agrees with earlier comment re: reserves and it not being the right time to make investments.

SB: Seeking clarification on the colours used to report minus figures. Red = warning?
KS: Yes, but unable to change the system.

SS: Clarification re: cashflow – is it the date printed or the date reported?
KS: Date printed

SS: Balance sheet – what's included in the balance sheet – asset at school
KS: It's land and buildings (value of land).
SS: We're not at £50m, but we're getting close. Are we at the point where we need a separate finance committee? What will the situation look like in 18 months' time.
CEO: It's not that prescriptive. We have an A&R committee that looks in both directions. Could have them separately with the same members, and just a different chair
SS Do we need it under review? It's possibly a conversation for another day.

5.8. Staffing Summary

SS asked KS to explain the breakdown.
KS stated that across the trust, teachers represent 30% and support staff represent 70% however in terms of budget monitoring report it's 50/50 and more evenly split.

Questions/Comments:

SS commented on lots of different grades/bands and some bands won't get a pay rise, which will be a surprise to some people.

SB queried the Nexus MAT teacher figures. CEO clarified which staff this related to.

SS posed if we needed to see this report regularly?

SB found it interesting, but not crucial. RP agreed. CEO stated that the HR scorecard is reported into the Standards Committee on a termly basis. This includes the breakdown of staff. The impacts and drivers for change are also documented in KS's budget report and will be visible in the narrative.	
5.9. Audit Tracker KS confirmed there's been no changes in last 4 weeks and has addressed it with auditors	
5.10 – Update on External Audit KS stated that it's been positive. Forrester Boyd have been organised and pragmatic and positive feedback has been received. The figures have been almost identical (within £7.00) which shows we understand the situation. We've also had useful conversations around finance systems.	
6. ANY OTHER URGENT BUSINESS	
6.1. To consider any other urgent business agreed by the chair **KS raised the issue of the capitalisation threshold. This is the point at which the purchase of an item is significant enough to be noted on our asset register. The current value is £2,000 which creates a lot of work at year end. KS has spoken to auditors and they agree that £2,000 is a low threshold and suggest £5,000-£10,000. KS has assessed that most trusts are working with a £5,000 value. This would keep the fixed asset register more manageable with no perceived risk.** <u>Questions/Comments</u> NJ totally agrees and added that from a business perspective you should be able to write off costs from a prudence perspective. KS confirmed that the cost isn't affected by the depreciation costs. **<u>Directors voted unanimously for this change to be made.</u>** **KS also raised a second item in relation to getting comparison quotes. KS would like to increase this value to £7,000 from £2,000 (£2,000 = 2 additional quotes and £5,000 = 3 additional quotes).** **Astrea have a threshold of £10,000 and Sheffield have £5,000. LS is working really closely with schools and these decisions will offer the best value for money rather than requesting additional/alternative quotes. We're encouraging schools to use preferred suppliers and schools are currently very conscious of costs.** <u>Questions/Comments:</u> SS stated that this will encourage schools to use the framework, which is an advantage.	

SB totally agreed. **Directors voted unanimously for this change to be made.** CEO clarified that in respect of the write-offs and disposals, the threshold has been increased to £5,000. CEO is seeking to ensure that policy is aligned. If we make interim updates to those policies and keep to the regular review cycle, a full review is still completed and reported to Directors and what we are approving is an interim change. All agreed. Procurement = 3 quotes only required for purchases over £7,000. CEO will make the interim updates to the policies. They are both due for review in March 2023. CEO to request Clerks upload policies tomorrow (15 November).	
7. CONFIDENTIALITY & RISK	
7.1. To consider the confidentiality of any items discussed during the meeting Minutes to be shared with Directors	
7.2. To consider any area new risks identified during the meeting No specific risks to add.	
8. DATES OF NEXT MEETINGS	

Monday 6th February 2023	17:00 – 19:30	MS Teams	Finance & ICT
Monday 6th March 2023	17:00 – 19:30	MS Teams	Audit & Risk
Monday 15th May 2023	17:00 – 19:30	MS Teams	Finance & ICT
Monday 10th July 2023	17:00 – 19:30	MS Teams	Audit & Risk

Minutes approved

CHAIR	SIGNATURE	DATE