



Nexus MAT Board of Directors Extra Ordinary Meeting Wednesday 7 December 2022 5 pm - 7.30 pm Via Teams

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| Attendees: | | |
| Andrew Child | Director/Member & Chair of Trust Board of Directors | Chair |
| Gillian Askew | Director | GA |
| Steve Booth | Director | SB |
| Peter Castleton | Director – until 6.55 pm. | PC |
| Naveen Judah | Director | NJ |
| Ray Palmer | Director | RPa |
| Rachel Potts | Director/Vice Chair of Trust Board of Directors | RP |
| Sue Shelley | Director | SS |
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| Also Present: | | |
| Warren Carratt | Chief Executive Officer | CEO |
| Vicky Hawksley | Governance Clerk | VH |
| Mike Hall | Forrester Boyd | MH |
| Karen Smith | Chief Financial Officer | KS |
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| Apologies: | | |
| Mark Greenwood | Director | MG |
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| 1. WELCOME & APOLOGIES FOR ABSENCE | ACTIONS |
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| <p>1.1 Welcome & receive apologies for absence</p> <p>Apologies were received for MG.</p> | |
| <p>1.2 To accept apologies for absence</p> <p>Apologies were accepted for MG.</p> | |
| 2. ITEMS OF AOB | |
| <p>Chair to determine any items of urgent business to be considered</p> <p>None raised.</p> | |
| 3. DECLARATIONS OF INTEREST | |
| <p>3.1. Individual Directors to declare any personal, business/governance interests on any item on the agenda</p> <p>Both the Chair and the CEO had an interest in any detail pertaining to The Evolve Trust.</p> | |
| 4. DRAFT ANNUAL ACCOUNTS – FORESTER BOYD (Attached documents) | |
| <p>MH was welcomed to the meeting. MH is representing the Trust’s accountants, Forester Boyd, and has led on the audit for the Trust this year.</p> <p>The accounts had been circulated to Directors in advance and MH highlighted the main points of note:</p> <ul style="list-style-type: none"> • Page 42 – Funds note – MH explained that this note breaks down the total income and expenditure for the year and also shows carry forwards. The majority of grant funding has been spent. • The accounts show unrestricted general funds of £2,851,602. • Management Letter – MH explained that the accounts are due by 19th January 2023 and MH will work with KS to achieve this deadline. • Section 3 – overview of the year – the Trust’s total income of £31m is made up of the Academy Trust’s educational operations and most of this income has come from the government with £2m+ in other funding. There has been an increase in GAG funding to £9248 per pupil, on average. Also there has been a large increase in LA funding received - £16.3m as opposed to £14m+. • Donations and capital grants – these have dropped due to the additional funding the Trust received in 2021. Bader Academy joined the Trust in 2021 so the fixed assets were included this year. • Hire of facilities is as expected and this has been the case across most Trusts as catering and energy costs have increased. • Insurance income is higher this year due to more teacher absence claims being made. Abbey and Bader have also made RPA claims this year. • Other income is made up of sale of uniforms, club income, HR consultancy, SEMH outreach work, peer review support and services provided to other schools. <p>SB requested clarification on whether the Trust is a registered charity. MH explained that the Trust does not have a charity number but has to abide by certain rules but academies sit slightly outside of the charity sector.</p> | |

Chair asked about expenditure – our percentage of salary against income is high – this appears to contradict the view that if salary against expenditure is above 80% then a Trust is not financially viable. 83% of our total costs and 81% of our revenue income is spent on salaries. The ESFA recommend this figure should be below 80% but in special schools this figure is expected to be higher because of the number of support staff required. **ACTION: MH agreed to include a sentence explaining why the Trust has higher salary costs, which highlights the difference between mainstream and special schools. MH stated that he is confident that the Trust is financially viable.**

**ACTION:
MH
14/12/22**

MH went on to explain that@

- Educational supplies and exam fees have increased, partly due to pupil numbers and increases in prices.
- Staff development costs have also increased due to increased staff numbers.
- Maintenance costs have increased throughout the year from £194k to £258k, mainly due to significant works taking place across several schools in the Trust.
- Cleaning costs have also increased along with increased refuse removal costs.
- Balance sheet – the main figure to note is the fixed assets £52,295,217 which has decreased slightly from last year due to depreciation.
- Debtors – amounts owed from invoices and VAT back to the Trust – this has increased mainly as a result of the LAs owing funding to the Trust.
- The cash balance is healthy at £6,073,323 with an in-year surplus of £613,614.
- Creditors due within one year have increased – these relate to costs not invoiced for and deferred income and tax and pensions owed at the end of the year. The increase relates mainly to a back pay accrual for support staff which cost £472k.

NJ requested clarification on section 8 – potential adjustments – have they been adjusted in the accounts or added to the debt? MH explained that there has been an adjustment for funding which has already been received and moved to the balance sheet. This is because, when funding is received it has to be recognised otherwise it could be clawed back.

Chair referred to the debtors' section which mentions that trade debtors have increased by £618k – is this something the Trust should be concerned about? MH explained that a lot of this is LA related and also relates to some work done with Evolve Trust. There are no areas of concern on this.

Chair asked whether Evolve Trust are paying their invoices on time. KS explained that these have all been paid. There are no concerns in terms of longer-term debtors or debts.

- Free reserves left to spend for the Trust amount to £3,929,058 and MH outlined how these are spread across the Trust.

Concern was raised about Crag's figures – KS explained that they had an in-year surplus of £30k but we have transferred this to the Central services for a historical issue. The situation with Crag's is healthier than it appears on these figures. The CEO is confident that this position will clear markedly for Crag's in future.

- Section 5 relates to formal matters to be reported and the wording is standard on this section. MH stated that the Trust has a clean audit and no concerns were raised. **SB noted a typographical error in Section 8 relating to the letter of representation – MH to update.**
- Section 6 has already been discussed at the Audit & Risk Committee and recommendations in the report have been actioned.

GA raised a query about purchase invoices and delegation levels. How much should or could the system prevent that from happening? KS explained that at the moment our finance system does not prevent people from inputting invoices before an order has been raised. KS is looking at a new finance system provider and is hoping that we will be able to move to a new system next year.

Chair referred to the second incident relating to petty cash and action. Has the removal of petty cash from November 2022 had an impact on workload?

The CEO explained that there has been some pushback from schools on this but we have to prepare for a cashless society in future. In addition, this move helps to prepare our pupils for adulthood and this is a compelling narrative for our headteachers to adopt this approach.

Chair asked about the coloured buttons on the report and noted that one of the coloured buttons is amber and relates to purchase invoices not being authorised. Does this relate to a few instances? KS explained that this was there last year and has remained Amber this year. This is an issue that occurs with most MATs and planned system changes this year should address that.

If this is on the audit in a year's time, would we move from amber to red? MH said potentially, if the number of instances increased but if it relates to very few instances then it is unlikely to be of concern.

How many instances would be required for this to be a concern, in the context of the numbers flowing through the system? MH to compile a report on this with an exact number and will share this with Directors after this meeting.

- Triviality level – it was agreed that anything above £33k will be reported to Directors and amounts below that will be retained on this report.

SB requested clarification on page 9 of the accounts which relates to the Reserves Policy which gives a range of 2%-5%. The figure for our Trust is 12% - should this be an area of concern? MH explained that providing the reasoning behind why we are holding that level of reserves is sound then this should not be of concern. The CEO feels that the Trust has a compelling narrative about why this figure is higher than the target range.

SS asked whether the reference in the accounts to J Coleman having resigned as a Director could be changed to reflect that he did not resign, he sadly died? All Directors agreed that the statement should read that he 'Died in Office'. Directors felt strongly that JC made a significant contribution to this Trust and would never have resigned as a Director. **This was agreed and will be updated**

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by MH. The CEO noted that GIAS does not give the option to select any option other than “resigned”.

SS requested clarification on Page 7 of the accounts which includes a statement that the auditors agree the Trust is a ‘going concern’. MH explained what this phrase means and that the auditors deem the Trust to be financially viable for at least 12 months from this point in time. The cash held by the Trust is significant enough to deal with any major, one-off cost and the funding is guaranteed for at least the next 12 months. MH explained therefore that the auditors do not have any concerns around signing off the Trust as a going concern.

SS requested that a sentence should be included stating that the Directors are aware of the ongoing and development issues and are taking appropriate action to mitigate these issues. MH explained that auditors are required to use standard wording in these documents.

Chair asked if the report should include reference to increased energy costs and this challenges this brings? MH stated that this would depend on how much detail is required in the Trustees’ report. The CEO advised Directors against adding too much commentary, and that the current wording was factually accurate and therefore sufficient.

KS reminded Directors that the point at which the ESFA would deem the reserves as too high would be 20% so we are some way off that figure at the moment. KS agreed that a conversation should take place about what our reserves should be but that the report should not include a statement about a commitment to reducing the reserves.

It was agreed, following robust discussion on this issue, that the text in the Trustees’ report would remain unchanged.

PC referred to Page 7 paragraph 6 of the draft accounts and questioned the use of the words ‘hostile environment’. Is this too strong a word to describe the current situation? The CEO feels that the pressures from the LA and the subsequent legal action taken by the Trust, along with the unfunded pay award, warrants the use of this description. It was agreed to leave this description unchanged.

Chair asked what makes a clean audit? MH explains that this is when the accounts represent a true and fair view and making sure that the rulings in the Academy Trust Handbook have not been breached. The auditors have not found anything in the audit that breaches the Handbook so the audit is deemed to be clean.

The Chair thanked MH for a thorough and clear briefing on the Management Letter and accounts. No further questions were raised.

5. Any Other Urgent Business

Directors wished to record their thanks to KS and her team on a glowing annual accounts report and we they grateful for this in the circumstances. Thanks were also recorded to MH and his team.

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| 6. Review of Risk | |
| No risks identified. | |
| 7. CONFIDENTIALITY | |
| To consider the confidentiality of any items on the agenda. None. | |
| 8. DATES OF FUTURE MEETINGS | |

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| Wednesday 14th December 2022 | 17:00 – 19:30 | Nexus HQ |
| Members AGM Monday 16th January 2023 | 17:30 – 19:00 | Nexus HQ |
| Wednesday 25th January 2023 | 17:00 – 19:30 | Via Teams |
| Wednesday 1 st March 2023 | 17:00 – 19:30 | Nexus HQ |
| Wednesday 29 th March 2023 | 17:00 – 19:30 | Via Teams |
| Wednesday 26 th April 2023 | 17:00 – 19:30 | Nexus HQ |
| Wednesday 24 th May 2023 | 17:00 – 19:30 | Via Teams |
| Wednesday 28 th June 2023 | 17:00 – 19:30 | Nexus HQ |
| Wednesday 19 th July 2023 | 17:00 – 19:30 | Via Teams |

Minutes approved

| CHAIR | SIGNATURE | DATE |
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