



**Audit & Finance Committee Meeting
Monday 6th March 2017, 17:00 – 19:00
at Hilltop School, Larch Road, Maltby
Rotherham S66 8HZ**

ACTION POINTS SUMMARY SHEET

Actions		By & Target Date				
4.3 02/11/16	Investment Policy to be developed in line with 5 year plan development plan 06/03/2017 Investment Policy will be developed when reserves have built up	Completed				
4.4 02/11/16	Clerk to circulate 2016 academies Financial handbook	Completed				
4.4 02/11/16	Internal Audit –CFO to arrange review with BHP in line with agreed work programme On agenda 06/03/2017	Completed				
4.4 02/11/16	Cost from Capita to consolidate all Nexus accounts being explored by CFO. Details of programme being investigated prior to purchase as the Capita proposal needs to be scalable to add other schools in line with MAT growth 06/03/2017 different option now available - Capita add on/module required very expensive & FMS already not delivering service required. Spoken to other MATs & investigated PS Financials - good but very expensive; HCSS Financials good reports, had demo & investigated spoken to & visiting other MATs already using it. Very reasonable set up & training costs & licence fees. Web based, live & more flexible & accessible					
	<table border="1"> <thead> <tr> <th>Questions & Challenges</th> <th>Response</th> <th>Further action(s)</th> </tr> </thead> <tbody> <tr> <td><i>How & where will this investment be funded from</i></td> <td>£4000 for set up costs but day to day running costs would be less than schools are currently paying for FMS. Schools still paying into support from LA which has been less than agreeable. HCSS would add value. Need to undertake a procurement exercise, it is</td> <td></td> </tr> </tbody> </table>		Questions & Challenges	Response	Further action(s)	<i>How & where will this investment be funded from</i>
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		within CEO limits but would prefer to do a procurement exercise with input of Directors. Also procurement is one of the 15 Charity issues		
	<i>What are the strengths in HSCC in comparison to FMS? Can additional schools be added easily – scalability?</i>	Has “spend & stop” which will not allow schools to overspend. Buffers set will raise alarms when levels are reached, yes additional schools can be added easily Spoken to Business Managers All would be pleased to have a new system as finding FMS difficult to work with as not enough flexibility in budget lines or reports available		
	<i>Suggestion of a two page business plan & projected costing plan</i>	CFO to prepare plan to take to TBoD on Wed 15 th March with recommendation to undertake procurement exercise with a view to setting up a new system in September 17. BMs could be involved in procurement process	CFO to prepare two page business plan & projected costs for TBoD 15/03/17	CFO
	<i>What costs taken up by Nexus?</i>	Could negotiate with schools to absorb some of the costs in the MAT budget		
	<i>Is this something this committee can request?</i>	No spending powers delegated to this committee. If a 3 year contract is taken on it might take the cost above the limit of CEO. Current quotation for costs is £600-£800 for each school licence & £1 per pupil. Nexus MAT consolidated accounts do not need an additional licence. £4,000 initial set up and training fees		
4.7 02/11/16	CEO and CFO to review other MAT risk registers and report back with populated register for next committee meeting On agenda 06/03/2017			Completed
5.4 06/03/17	Risk register - SS & TB to refine language & set ownerships, then circulate as updated register which will be the base of the work to set new school business continuity plans for the schools. Updated plan to be circulated to A&F committee			SS/CFO
5.6 06/03/17	The General Data Protection Regulation 2018 – Nexus Self-Assessment Action plan to be updated and costing to be added. Updated actions to be regularly reported back to this meeting			IB/CFO



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Attendees:

Alan Meloy	Director	AM
Catherine Hall	Director	CH
Steve Booth	Director	SB
Warren Carratt	CEO Nexus MAT	WC
Tracey Brooke	CFO Nexus MAT	TB
Sue Shelley	Director	SS
James Kelly	Advisor/Associate E Governor via phone link	JK

Also Present:

Clare Southwell	Clerk	CS
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Apologies:

Jayne Fitzgerald	Director	JF
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1. APOLOGIES FOR ABSENCE		Actions									
1.1	To accept apologies for absence <ul style="list-style-type: none"> Apologies had been received from Jayne Fitzgerald 										
1.2	To receive, but not accept, apologies for absence <ul style="list-style-type: none"> Apologies received and accepted <p>Introductions were made to James Kelly who joined the committee for the first time as a E Governor on a telephone link</p>										
2. ITEMS OF URGENT BUSINESS											
2.1	Chair to determine any items of urgent business to be considered <ul style="list-style-type: none"> There were no items of urgent business 										
2.2	Jill Fowler – agreement to be an observer at future meetings <ul style="list-style-type: none"> It was agreed that Jill Fowler who has been recently appointed as the Trust Finance & Development Officer will attend meetings as an observer 										
3. DECLARATION OF INTERESTS											
3.1	Individual Governors to declare any personal, business or other governance interests on any item on the agenda <ul style="list-style-type: none"> There were no declarations of personal or business interest 										
4. AUDIT & FINANCE MEETING MINUTES											
4.1	To review and consider the action points from meeting held on 2 nd November 2016 <ul style="list-style-type: none"> The minutes for the meeting had been approved at the meeting of the Trust Board of Directors on 13th December 2016 										
4.2	Matters arising from the Minutes <ul style="list-style-type: none"> Item 4.4 "Grant applied for from National College to assist with MAT growth" should read DfE not National College 										
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<i>If budgets not on agenda, how can A&F committee advise the Board if they do not see the reports?</i>	Full consolidated reports will be presented to Trust Board on 15/03/17. Verbal update was given and budget reports will be on A&F committee agendas in future										

Verbal update on Budgets:

- Schools currently undertaking the setting new budgets for September 2017
- Schools in strong position as there is already an awareness of changes to pupil numbers for September 2017
- At 3rd LGB meetings this term, which has L&M focus, Governors will preliminarily agree proposed budgets set for September 17. Budgets will be updated where necessary and represented to LGBs in the summer term
- Schools setting budgets with 5% MAT contribution and ensuring that all known costs are in place
- Partial budget allocation information received from EFA & LA
- Abbey increasing pupil numbers from 80 to 100
- Element funding to be received from LA. Banding of pupils will mostly be the same
- Only significant changes will be new pupils. Assumptions can be made during the budget setting process but will be updated with accurate information as it is received
- Minimum Funding Guarantee discussed and LA 1.5% reduction expected
- Apprenticeship levy to be included - 0.5% of salary costs
- Schools doing well to still to predict small surpluses

Questions & Challenges	Response	Further action(s)
<i>Why are there surpluses, money should be spent on pupils?</i>	At BHP Presentation stated that some schools have up to 10% reserves. Nexus schools only have small surpluses that need to be kept for unexpected issues. Need reasonable contingency funds Need to plan & spend against the priorities in a measured way. Do not want to stay with old way of just adding on 3%, now higher level and quality of budget planning. Nationally 48% of academies have deficits	

- All other actions from the previous minutes were noted above

5. ITEMS TO BE CONSIDERED

- 5.1 Audit & Finance High level delivery plan
- CFO developed plan to visually see what happening over next 12 months
 - Red boxes – external milestones & deadlines that must hit to be financially secure
 - Green diamonds – range of different items that MAT needs to keep a check on
 - Black squares – completed, still red if not done
 - Noted by Directors that plan similar to plans laid out by banking groups
 - All agreed very informative
 - CFO to continue to update and circulate to A&F committee at every meeting

Questions & Challenges	Response	Further action(s)
<i>How will we use it?</i>	Enable us to look back and review what have we done, how did it go	

	and then look forward to questions how are we going to do this do we have the resources?								
<i>Are dates of LGBs in line with set legal requirements?</i>	EFA want next year's budget to be uploaded in July 17 and current year completes at end of August 17								
<i>Is the LGB adding value or is work being duplicated?</i>	CFO role is to ensure school are adhere to their legal duties Possible appointment of Finance Link Governors who will work with BMs & school SLTs in budget setting & monitoring								
<p>5.2 Nexus Financial Statements– Review of audit recommendations</p> <ul style="list-style-type: none"> • Directors approved and signed accounts at trust Board meeting on 9th February 2017 • 10 medium recommendations were made • Medium recommendations do not need to be reported to the EFA • Action Plan set up to address 10 recommendations • All recommendations all in hand • BHP will be asked to focus in on these actions to ensure that the issues have been addressed <table border="1"> <thead> <tr> <th>Questions & Challenges</th> <th>Response</th> <th>Further action(s)</th> </tr> </thead> <tbody> <tr> <td><i>Named person on the letter? Not a named person?</i></td> <td>Philip Allsop is the senior partner & has signed on the accounts & Nicola Adams is day to day contact</td> <td></td> </tr> </tbody> </table>				Questions & Challenges	Response	Further action(s)	<i>Named person on the letter? Not a named person?</i>	Philip Allsop is the senior partner & has signed on the accounts & Nicola Adams is day to day contact	
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<i>Named person on the letter? Not a named person?</i>	Philip Allsop is the senior partner & has signed on the accounts & Nicola Adams is day to day contact								
<p>5.3 Charity Commission questions</p> <ul style="list-style-type: none"> • 15 questions previously circulated at precious meeting • Previously agreed for CEO & CFO to undertake a review of 15 questions • Some areas naturally red as a new organisation • 1-3, still developing, no donors as funded by EFA & LA. Benchmarking against other providers. Other special schools do live beyond their means, better to compare against other MATs and independent schools • 4, reserves being discussed and reserves policy in place • 5-6, investment policy will be developed in September 17 when reserves build up • 7, reviewed before conversion & re reviewing prior to new budget • 8, not normal to be offering & delivering services • 9, pension payments – triennial reports being received into the schools, viability of the continued use of the local pension scheme discussed. Could Nexus offer an alternative scheme? • 10, effective board of Trustees/Directors. All levels of Nexus Governance undertaking training in ongoing training plan. 360° appraisal of Trust Chair to be completed • 11, audit review received and work ongoing • 12, academy not a straight forward charity, energy only paying 5% VAT. Schools 									

already claim all VAT back

- 13, good use of volunteers but aware of safeguarding issues for vulnerable pupils within Nexus. All levels of Nexus Governance are volunteers
- 14, Waverley bid submitted
- 15, Redrafted of letting policies & BMs will have income targets in their budgets in future

Questions & Challenges	Response	Further action(s)
<i>Time scales?</i>	These will be updated as work progresses	
<i>What is process of reviewing services</i>	<p>Benchmarking internally and against 20 other special school on the BHP register. Review of services ongoing:</p> <ul style="list-style-type: none"> • Finance management system • Cleaning • Catering • Energy • Internet services <p>All costs currently sat at school level, may be able to "piggy back" onto other MAT service agreements to reduce costs. No Nexus Schools are PFI schools. PFI school have no flexibility to change any of their contracts connected with premises or maintenance</p>	

5.4 Trust Risk Register for review

- Risk policy previously agreed by Trust Board
- Risk register now developed based on charity commissions template
- Includes a risk heat map – shows how many risks and in what areas
- No risks in extreme or catastrophic area
- CFO has populated, wants Directors to challenge as just shows the view of CFO at present
- Draft to go out to LGBs to enable them to consider risks
- Risk register is on the list of the next stage of development for MATs
- JCAD software program allows risks to be recorded and follows risk assessment

Questions & Challenges	Response	Further action(s)
<i>What are highest risks?</i>	Level 12 – EFA funding, tax	
<i>Are there underpinning school risk registers as they should feed into this?</i>	Not at present, this would be a different way of working for the LGBs	
<i>Need a name to say who is responsible?</i>	This committee for tracking but not to accept the risks. Several lines of defence – schools would be the 1 st line of defence as they take the	

	initial risk Individual or only 1 or 2 owners for each risk so risk is not overlooked		SS/CFO
<i>Risks & Issues are often mixed and confused</i>	Currently some read as issues rather than risks. Need to amend some wording Risks, Issue & Decision Logs are all possible but do not want to be too bureaucratic	SS & TB to refine language & set ownerships, then circulate as updated register which will be the base of the work to set new school business continuity plans for the schools Updated plan to be circulated to A&F committee	
<i>Are we capturing all the risks? Send out & ask schools to self-assess against the current risks captured in register</i>	School can use it as a self-assessment tool		
<i>Has anyone ever used a risk register to raise a risk and it stops an event from happening?</i>	Can be used as a tool to make things happen. The ownership has to be passed down through all areas of the organisation, Business risks & Operational risks		
<i>Training & Development for LGB governors?</i>	A&F committee & Directors need to be clear and document approved before it goes to LGBs		
<i>Not needed or used before in school – what impact will it add at school level?</i>	Document could set work plan for LGBs. All school have disaster recovery plans		
5.5	Pension Deficits – triennial review and impact on Trust <ul style="list-style-type: none"> • Kelford received triennial review – gone up 1% others not yet received • LGPS has big deficit • Special schools have higher responsibility as high level of staffing ratio • Triennial review tells you how much you owe, payment to be made over 25 years • As academy now lower NI which offsets the higher pension payments • Long term financial commitment & pensions can change over the short to medium term, treat with caution & on the risk register 		
5.6	ICT update: The General Data Protection Regulation 2018 – Nexus Self-Assessment <ul style="list-style-type: none"> • Document produced to ensure schools are prepared. • Ian Burns, Nexus ICT Lead (IB) to develop action plan to ensure that all actions are covered 		

Questions & Challenges	Response	Further action(s)	IB/CFO
<i>What are the costs</i>	Actions from developed and entered into action plan costs still to be entered	IB to enter costs	
<i>Does IB have training on information governance?</i>	Understands importance of data protection. Training required for all office staff. Electronic data not always protected in the same way. Need different levels of security. IB carried out a review, Nexus is data protection compliant. New systems procedures & knowledge needs to be in place for May 18		
<i>ICT rule – all Nexus laptops to encrypted?</i>	Laptops already in place might be old. Regular updates should be annual training plan. This is an obligations to make Nexus compliant	Action plan to be updated and costing to be added. Updated actions to be regularly reported back to this meeting	
<p>Nexus wide Internet Service Provision</p> <ul style="list-style-type: none"> • Current system & provision is not acceptable or fit for purpose • IB has looked at other options • Hilltop does not have fibre option as no fibre available in school locality • Details of speeds in & out given in report • Quotes to be received form 3 providers by 31st March 2017 • CFO to then talk to all HTs to discuss way forward • Pennine View receive a higher specification of service from DMBC than RMBC schools receive • RMBC are lower costs but lower & slower service • Consideration for ICT service costs to be paid centrally form the MAT funds? • Re-profile of MAT accounts to allow this • CEO to take proposal to TBoD – All agreed to proposal – Nexus will be providing a framework for the schools to build on 			
Questions & Challenges	Response	Further action(s)	
<i>Is an update vital?</i>	Yes to deliver our ICT strategy & for future of schools		
<p>5.7 Approval of Internal Audit programme</p> <ul style="list-style-type: none"> • Final report from Internal Audit received • Set out plan for June 17 • Peer reviews in Sept 17 & Dec 17 • Excellent evidence for Ofsted & part of charity commissions 15 questions 			

Questions & Challenges	Response	Further action(s)
<i>What is cost for internal reviews by BHP?</i>	3 internal audits already included within their initial costings	
<p>5.8 Nexus Benchmarking report – prepared by BHP</p> <ul style="list-style-type: none"> • Benchmarking provided by BHP • Comparison against 20 schools • Need to find other schools like ours to benchmark against • Very difficult as many specials schools still with LAs & not converted • Need to start dialogue with other schools • This shows liquidity of Nexus & is excellent tool to use now & in future 		
<p>6. ANY OTHER URGENT BUSINESS</p>		
<p>6.1 To consider any other urgent business agreed by the Chair at item 3</p> <ul style="list-style-type: none"> • There were no items of urgent business 		
<p>7. CONFIDENTIALITY</p>		
<p>7.1 To consider the confidentiality of any items discussed during the meeting</p> <ul style="list-style-type: none"> • There were no confidential items 		
<p>8. DATES OF NEXT MEETINGS</p>		
<p>Monday 6th March 2017 – 17:00 at Hilltop School Wednesday 24th May 2017 – 17:00 at Hilltop School Tuesday 4th July 2017 – 17:00 at Hilltop School</p>		

Minutes approved

CHAIR	SIGNATURE	DATE
ALAN MELOY		15/03/2017