

Kirklees Directorate for Children and Adults

Company no: 07729878

**THE BOARD OF DIRECTORS OF SHARE MULTI ACADEMY TRUST**

Minutes of the Meeting of the Audit &amp; Risk Assurance Committee held at 5.30pm at Shelley College on Tuesday 17 September 2019.

Present

Mr M Dunkley (Chair), Mrs M Campbell, Mrs D Howard, Mr J McNally, Mrs C Potterton.

In Attendance

Ms E Kilner (Minute Clerk)

<b>Agenda Item</b>	<b>Discussion and Decisions</b>	<b>Action – who/by</b>
226.	<p><b>Election of Chair and Vice Chair</b></p> <p><b>RESOLVED:</b> That the term of office for the Chair will be until the first meeting after the anniversary of 17 September 2019.</p> <p><b>RESOLVED:</b> That Mr M Dunkley be elected as Chair.</p> <p><b>RESOLVED:</b> That the term of office for the Vice-Chair will be until the first meeting after the anniversary of 17 September 2019.</p> <p><b>RESOLVED:</b> That Mr A Ahmed be elected as Vice-Chair.</p>	
227.	<p><b>Apologies, consent and declarations of LAAPs and interests</b></p> <ul style="list-style-type: none"> <li>• Apologies were received from Mr V White with consent.</li> <li>• The following declarations of interest were made:               <ul style="list-style-type: none"> <li>- The wife of Mr M Dunkley works at SHARE Multi Academy Trust.</li> <li>- The daughter of Mrs M Campbell works for Millbridge J, I&amp;N School.</li> </ul> </li> </ul>	

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228.	<p><b>Matters for any urgent other business</b></p> <p>The following items of other business were noted:</p> <ul style="list-style-type: none"> <li>• Business Interest Forms</li> </ul> <p><b>ACTION:</b> All members of the committee are reminded that they need to complete the Business Interest Forms circulated by email and return them as soon as possible.</p> <ul style="list-style-type: none"> <li>• Pupil Premium and Send funding.</li> </ul>	
229.	<p><b>Minutes of the previous meeting held on 20 June 2019</b></p> <p><b>RESOLVED:</b> That the minutes of the meeting held on 20 June 2019 be approved and signed by the Chair as a correct record of the meeting.</p> <p>The following matters arising were noted.</p> <p>(a) <u>Matters Arising (minute 216 (d) refers)</u></p> <p><b>ACTION:</b> Mrs C Potterton to circulate a list of reports and submissions that go to the ESFA and DfE with timings.</p> <p>(b) <u>Review of A&amp;RA Committee effectiveness (minute 221 refers)</u></p> <p><b>ACTION:</b> The following actions were agreed to be carried forward.</p> <ul style="list-style-type: none"> <li>i) The 15 Questions governors should ask on Finance and Resilience from the Charity Governors report should be used as a basis for a questionnaire for Members and Directors.</li> <li>ii) A&amp;RA Members and Directors to complete the Questionnaire within required timescales.</li> <li>iii) Consolidated feedback from the questionnaire to be presented to the Audit and Risk Assurance Committee in November 2019 for review and agreement.</li> <li>iv) Questionnaire feedback to be presented to the Board of Directors meeting on 5 December 2019 and included in the Reports and Accounts.</li> </ul>	<p><b>CP</b></p> <p><b>CP / Chair</b></p> <p><b>Members / Directors</b></p> <p><b>Chair</b></p> <p><b>Chair / CP</b></p>

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	v) Review of Work Plan and Terms of Reference will be earlier in 2020. This will take place at the A&RA committee in June 2020 rather than September 2020.	<b>CP</b>
<b>230.</b>	<p><b>Feedback from the SHARE Directors Meeting.</b></p> <p>Mr J McNally provided updates from the SHARE Directors Meeting. The key areas of discussion at the Directors meeting held on 9 July 2019 included the following;</p> <ul style="list-style-type: none"> <li>• Primary school KS2 test results.</li> <li>• De Amalgamation of Royds Hall progress.</li> <li>• Recruitment of Executive Head Teacher for Beech, Cowlersley and Luck Lane.</li> <li>• Central Services, this is now in place.</li> <li>• Agreement of 2019/20 budgets and key risks.</li> <li>• Marketing updates.</li> <li>• Governance updates.</li> </ul> <p><b>Q. What were the most important areas of discussion?</b>            A. Significant areas included the 2019/20 budget and budget risks and Executive Head Teacher recruitment being internal.</p> <p><b>Q. Will the decision of Internal / External recruitment be made on a case by case basis?</b>            A. Yes but the decision-making process may need to be refined.</p>	
<b>231.</b>	<p><b>Internal Audit Checks</b></p> <p>Mrs C Potterton updated the meeting.</p> <ul style="list-style-type: none"> <li>• Internal Audit checks have not yet been performed. Delays are due to it being a busy period of change and the appointment of a new senior auditor.</li> <li>• It was noted that there is a requirement for Internal Audit included in the Academies Financial Handbook.</li> <li>• The following areas for Internal Audit checks were proposed for consideration;               <ul style="list-style-type: none"> <li>- Purchase Ledger including procurement and best value review.</li> <li>- Fixed Assets Register review.</li> <li>- Payroll.</li> </ul> </li> </ul>	

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	<p><b>Q. Why is payroll being brought in house?</b> A. There are some issues with the existing service. There is a dependency on recruitment of an experienced payroll manager.</p> <p><b>Q. What is the contractual position for the payroll service?</b> A. Notice of 6 months is required for the current contract and this has been served. A final decision is required by January 2020 and this will be dependent on the recruitment of an experienced payroll manager.</p> <p><b>Q. Are there cost savings of bringing payroll inhouse?</b> A. Yes after initial investment in the new system software. Costs savings of £20k per annum are estimated.</p> <p><b>Q. Are the proposed areas for Internal Audit covered by External Audit?</b> A. Yes but the Internal Audit is a greater depth review.</p> <p><b>Q. Did we have an Internal Audit review in 2018/19.</b> A. Work was done on payroll.</p> <p><b>Q. Will the auditors re tender be progressed this year?</b> A. Yes re tendering is in the action plan.</p> <p><b>RESOLVED:</b> That the areas for Internal Audit review be agreed as Purchased Ledger and Fixed Assets. Payroll will be included in the next review cycle after proposed system changes have taken place.</p> <p><b>ACTION:</b> The Audit re tender process should progress.</p>	<p><b>CP</b></p>
<p><b>232.</b></p>	<p><b>Trust Budget</b></p> <p>Mrs C Potterton circulated 2019-20 Budget Narrative Report 9 July 2019. The 2019-20 Budget was agreed by the Directors on 9 July 2019. Mrs C Potterton updated the meeting.</p> <ul style="list-style-type: none"> <li>• Meetings will be held with all schools this term including the CEO and the Director of Finance to discuss budget progress and budget KPI's.</li> <li>• The key issues relate to in year and carry forward deficits at a number of schools including Heaton, Millbridge, Cowlersley, Beech and Luck Lane.</li> </ul>	

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	<ul style="list-style-type: none"> <li>• It was noted that there can be movement in the budget during the year and there may be some opportunity to reduce in year deficits.</li> <li>• Issues in the longer term exist in relation to funding of teacher pensions and the continuation of the Teacher Pension Grant from the government.</li> <li>• The Teacher pay rise has been indicated at 2.75%. The government will contribute 0.75% and 2% was assumed in the budget.</li> <li>• Outcomes on staffing structure changes were better than expected.</li> <li>• Beech and Cowlersley are key financial risks due to pupil numbers impacting financial viability.</li> </ul> <p><b>Q. Is the top slice charge benchmarked?</b></p> <p>A. The top slice has been set at 7.25% in total (5% plus 2.25%). There is a large variability in charges by other MATS ranging from 2% to 10%. The MAT needs to balance attractiveness vs covering costs when setting the top slice charge.</p> <p><b>Q. Is there an external benchmark for Multi Academy Trust metrics?</b></p> <p>A. The difficulty is in having like for like measures and timeliness of data. PFI contracts can significantly impact on measures and benchmarking data.</p> <p><b>Q. Are you comfortable with the top slice and central services costs?</b></p> <p>A. Yes. Care had to be taken not to charge schools for services they did not want.</p> <p><b>Q. Why are Supplies and Services costs at Shelley so high?</b></p> <p>A. This is due to the number of school trips, some of which are overseas and exam fee costs in a large school including a 6<sup>th</sup> Form. School trip costs are accounted for in income and expenditure and net out to nil impact.</p> <p><b>Q. Is the 3 Year deficit due to teacher salary increments?</b></p> <p>A. Yes. Cowlersley and Beech are at risk of not being viable due to pupil numbers.</p> <p><b>Q. How will decisions relating to school financial viability be made?</b></p> <p>A. Any decision will have to be based on Business Cases which will need to be agreed with the Local Authority. The schools are dependent on increasing the number of pupils on roll.</p>	

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	<p><b>Q. Is marketing being done by Beech and Cowlersley to attract more pupils?</b>            A. Yes this has been done by Beech. Community events have been held. There are some issues with application processes being via Royds hall which would be resolved by the planned De Amalgamation.</p> <p><b>Q. When was Royds Hall merged?</b>            A. Circa 2014 to 2015.</p> <p><b>Q. Could the staffing be restructured?</b>            A. This has already been done. There may be some natural wastage.</p> <p><b>Q. Why is Luck Lane funded by the LA?</b>            A. This was a commitment from the LA to provide support funding.</p> <p><b>Q. Why have Thornhill and Shelley got large reserves?</b>            A. They had a reserves policy in place and it is easier for a large school to build up reserves.</p> <p><b>Q. Is the reserves policy currently under review?</b>            A. Yes it will be reviewed.</p> <p><b>Q. The overall Share Mat pupil teacher ratio looks very low at 19?</b>            A. This is due to Provisions, 6<sup>th</sup> Form at Shelley, KS4 and impact of Senior Leadership Teams in primary schools.</p> <p><b>ACTION:</b> The reserves policy to be reviewed.</p>	<p><b>CP</b></p>
<p><b>233.</b></p>	<p><b>Review of Key Risks</b></p> <p>Mrs D Howard circulated the Share Multi Academy Trust 16/09/2019 All Risk Items Document.</p> <p>The risks below have been added to the report during the recent risk review;</p> <ul style="list-style-type: none"> <li>• Failure to ensure educational performance systems are secure (G).</li> <li>• Failure to ensure good quality staff training and induction to facilitate school improvement (G).</li> <li>• Failure to have policies and procedures in place which keep children safe from harm (A).</li> </ul>	

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	<ul style="list-style-type: none"> <li>• Failure to recruit sufficient pupils to make the school financially viable (R).</li> <li>• Failure to secure good academic outcomes for pupils (A).</li> </ul> <p>It was noted that RAG is based on likelihood and impact. If impact is high then some risks will always have an Amber RAG.</p> <p>The risk 'Failure to ensure ICT in the school is maintained to the highest standard' has moved to Red RAG. This is based on the completion of audits at all schools and the issues identified with ICT infrastructure at four schools. These are legacy ICT infrastructure issues and are significant.</p> <p><b>ACTION:</b> The ICT risk should be amended to replace 'highest' with 'acceptable'.</p> <p><b>ACTION:</b> A proposal relating to ICT legacy risks and issues will be made to the Directors at the next Directors meeting.</p> <p><b>Q. Are there any other risks on the report that should be discussed.</b>  <b>A.</b> The 'Failure to put financial management systems in place that prevent fraud' risk is Red due to the current system changes that are being made. System changes increase the risk.</p>	<p>DH</p> <p>DH</p>
<p>234.</p>	<p><b>Academic Performance Report</b></p> <p>Mr J McNally updated the meeting.</p> <ul style="list-style-type: none"> <li>• It should be noted that data is still being collated.</li> <li>• Shelley College has very good GCSE results which will be significantly above the National average.</li> <li>• Thornhill results will be similar to last year with a significant weakness in English. A new Head of English has been appointed. Results will be in line with National averages.</li> <li>• Royds Hall results will be as expected but significantly below National averages. Improvements are expected next year.</li> <li>• Cowlersley has made a turnaround with results above National average.</li> <li>• Beech has made improvements.</li> <li>• Luck Lane KS1 results have increased slightly.</li> <li>• Heaton Avenue have some issues with reading. Work needs to be done to understand how reading is being taught.</li> </ul>	

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	<ul style="list-style-type: none"> <li>• Millbridge has some issues with results being slightly down.</li> <li>• A report will be presented to the Directors Meeting when results are finalised.</li> </ul> <p><b>Q. When will results be finalised?</b>            A. Primary results will be available by the end of September and Secondary results will be available in December / January due to the need for resit data.</p> <p><b>Q. Is Royds Hall performance a risk?</b>            A. Its is a risk but the results were expected due to changes in staffing, Senior Leadership Team and Department Heads.</p>	
235.	<p><b>Trustee Allowances</b></p> <p>Mrs C Potterton updated the meeting on claims made during 2018/19.</p> <ul style="list-style-type: none"> <li>• There have been 3 claims with a total value of £793.50.</li> <li>• Claims are for travel expenses and subsistence.</li> </ul> <p><b>Q. Are all claims in line with the policy?</b>            A. Yes.</p>	
236.	<p><b>Annual Report</b></p> <p>The report will be prepared by Mrs C Potterton and Mr M Dunkley and presented to the Directors meeting to be held on 5 December 2019.</p>	
237.	<p><b>Correspondence</b></p> <ul style="list-style-type: none"> <li>• Mr J McNally updated that a conference call is planned with the RSC on 18 September 2019 to provide an update on SHARE MAT progress and future plans.</li> <li>• Direction to the trust has been received emphasising the importance of a Remuneration Committee and processes being in place for the review of Executive Pay and the need for Internal Audit checks.</li> </ul> <p><b>Q. Don't we have a Remuneration Committee?</b>            A. Yes but we need to make sure it meets and processes are in place to ensure that executive pay is fair and above board. The Remuneration Committee has taken place as part of the Directors meeting.</p>	



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	<p><b>Q. Is guidance given on who should sit on the Remuneration Committee?</b>            A. This is the responsibility of Directors. Directors can appoint advisors if required. The key requirement is independence.</p> <p><b>Q. Can the remuneration committee be part of the Directors meeting?</b>            A. Yes but it is key to demonstrate that a process is in place and that review is impartial.</p> <p><b>ACTION:</b> The need for Remuneration Committee and processes will be discussed at the next Directors meeting.</p> <ul style="list-style-type: none"> <li>Mrs C Potterton updated that there has been an issue raised by a parent about the rolling forward of Free School Meals (FSM) money allocated to students. It was noted that the specific issue relating to a pupil has been dealt with as a pastoral issue. There will also be a change in approach to the roll forward of FSM money allocated. Discussions are currently ongoing with caterers.</li> </ul>	<p><b>Chair / JMcN</b></p>
<p><b>238.</b></p>	<p><b>Any Other Urgent Business</b></p> <p>(a) <u>Pupil Premium Funding Review</u></p> <p>Mrs M Campbell noted the need for review and monitoring of Pupil Premium funding spend and SEND funding spend.</p> <p>Mr J McNally updated that a review of Pupil Premium had been undertaken by an external advisor (Jim McGrath) and that good reporting had been noted in the review.</p> <p><b>Q. Where is Pupil Premium funding discussed?</b>            A. All schools will submit a Pupil Premium spend report to the CEO by end September 2019 and the CEO will discuss all reports with Head Teachers. A review of Pupil Premium effectiveness has been completed by Jim McGrath.</p> <p><b>Q. Is the CEO happy that the money is being spent appropriately?</b>            A. Yes.</p> <p><b>Q. How much Pupil Premium spend is received by SHARE MAT?</b>            A. It is significant at £0.5m. The Jim McGrath review has confirmed that the money is spent appropriately.</p>	

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	<p><b>Q. Are Directors happy that Pupil Premium funding is spent appropriately?</b>            A. Yes based on the reports and the external review but it may be appropriate to appoint a Director with specific responsibility for Pupils Premium funding spend.</p> <p><b>Q. Did the external review cover all schools in SHARE MAT?</b>            A. Yes it did and there were no process recommendations resulting from the review</p> <p><b>ACTION:</b> The Directors meeting to consider the appointment of a Director with specific responsibility for Pupil Premium Funding spend, SEND funding spend and Looked After Children.</p>	<p><b>Chair / JMcN</b></p>
<p><b>239.</b></p>	<p><b>Dates of meetings for the 2018 – 2019 academic year</b></p> <p>The next meetings of the Audit and Risk Committee are scheduled for:</p> <ul style="list-style-type: none"> <li>• Tuesday 26 November 2019 at 5.30pm</li> <li>• Thursday 19 March 2020 at 5.30pm</li> <li>• Thursday 18 June 2020 at 5.30pm</li> </ul>	
<p><b>240.</b></p>	<p><b>Agenda, minutes and related papers – school copy</b></p> <p><b>RESOLVED:</b> That no part of these minutes, agenda or related papers be excluded from the copy to be made available at the School, in accordance with the Freedom of Information Act.</p>	

The Chair closed the meeting at 7.15pm.