

Risk, Audit and Compliance Committee Minutes

Meeting	Risk, Audit and Compliance Committee	Date	Tuesday, 18 th March 2025
Location	Virtual Meeting via Teams	Time	2.00 p.m.
Membership	Peter Goldsack (Chair), Peter Troke (PT), Alan Horton (AH); Emma Wilkinson (EW)		
In attendance	Tammy Mitchell, Chief Executive Officer (CEO); Chris Legg, Chief Financial Officer (CFO); Sharon Hollingsworth, Group Director of Governance (GDG), Dan Lewsey, Director of Projects, Safeguarding and Compliance (DPSC), Claire Edgeworth – Notetaker		
Guests	Catherine Carden (CC) – Item 5 Trustees- Paul Sayers (PS), Alison Gray (AG) – for item 5 Christiaan de Lange (CDL) – Item 6 Simon Cowdery (SC) – Item 7		

	ITEM	COMMENTS	ACTION
1	Welcome and apologies for absence	The Chair welcomed the Trustees to the meeting. There were no apologies for absence.	
2	Declarations of Interest	There were no additional declarations to the meeting other than those declared as standing.	
3	Minutes of the Meeting held 26 th November 2024	The minutes of the meeting held on the 26 th November 2024 were considered to be an accurate record of the meeting. APPROVED – Minutes of the meeting held on the 26th November 2024	
4	Matters Arising not covered by agenda	There were no matters not covered by the agenda.	
5	Feedback from External Review of Governance	The External Review of Governance Report was circulated prior to the meeting.	

		The CEO thanked CC for completing the work and report so quickly. CC thanked the Trust for allowing her to undertake the Governance review and for their co-operation and also wished to pass on her thanks to the LGB Chairs who completed a survey. CC explained that the focus was specifically at Trust Board level, and she had collected some information and viewpoints from the LGB Chairs. The work had been undertaken as a desktop activity, and CC spoke to the Chair of Trustees, CEO, GDG, Chairs of Committees and Chair of Sheppey Secondary. CC also attended the March Trust Board Meeting and sent a survey to the LGB Chairs. CC aligned and looked at guidance from the DfE and the Ofsted framework for school inspections. CC advised the Trust had many strengths and felt there was a highly effective Trust Board, and the key strengths are around culture, vision and values. The Trust highlights inclusion and high-quality education and this is a key strength, as it is apparent this runs through the veins of every person she spoke to and every interaction she saw. CC was impressed that the Trust Board were strategic and not drawn into the operational work, as identifying the boundary between operational and strategic is a challenge. CC felt the Trust Board had broad knowledge and expertise and a range of educational expertise from other disciplines and domains, which brings a good balance. CC advised it was important for the Trust Board to support the CEO by having the skills and knowledge to challenge. CC was impressed with the professional development offered to all the Governors. CC felt it was important that the Trust Board had diversity of thought, and this was a strength of the Trust Board. CC advised the Scheme of Delegation was robust and the LGBs thought it was fit for purpose, and the document showed the Trust have left autonomy, which would be attractive to anyone wishing to join the Trust. CC advised that the news from the Trust was positive, but that Trustees might need to galvanise in the future as there will be some challenges down the line.	
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		CC highlighted the following points of consideration for thought and discussion: 1. How can Trustees be more familiar with each school context. CC queried if the Trustees could visit all the schools in a shorter timeframe, to help with the context of the data that the CEO provides. 2. Trustees to consider how to keep the conversation around diversity open so it is regularly monitored and reviewed. It is important to have a highly skilled Trust Board and CC would not advocate reducing skills to tick a box on diversity. 3. CC looked at the Code of Conduct for the LGBs which is on the website, however although Trustees sign one, there is not one for Members, and CC felt there should be one for each level of governance. 4. CC has shared with GDG some small irregularities on the website, but these are minor. 5. CC highlighted succession and capacity building for the Trust Board and the Senior team. With forthcoming changes, there needs to be a robust succession plan and a capacity building strategy to continue to deliver at the same level. 6. CC advised she had been amazed by the Trusts vision and values and how it threads through everything. CC has been in many schools and feels the EKC Schools Trust is different, as there is autonomy and this needs to be promoted more to attract any schools that are looking at joining a Trust. This might be via a video. CC summarised her report. The Trust Board are highly effective and aligns with the mission and values of the trust. The Trustees appreciate and champion the individuality of the schools. CC advised that the Trust far and away exceeds the guidance set out from the DfE and Ofsted framework. The meeting was opened up for questions. Trustees asked CC to elaborate about the school visits. CC advised that currently Trustees are asked to visit 1 school per year, so this could be 9 years before every school is visited. When Trustees visit the schools, they need to triangulate what they have been advised by the CEO to make sure it is happening and hold the CEO to account.	
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		The GDG drew attention to the most recent Trust Board Meeting, where it was agreed the Trust should submit an application for a National Governance Association Award, and requested whether CC would approve some of her quotes being used to support the application. CC confirmed she was more than happy. Trustees discussed that the biggest risk to the Trust is succession planning. The Trust's ethos is based on the CEO's original thoughts, and although it is self-perpetuating, the process will be quite fraught. CC advised she would not just prepare for the CEO departure but also for growth. CC suggested looking at creative approaches to build capacity and share learning. Trustees queried that the Trust is focused on their values, and a lot of schools would not be aligned to these. When a school expresses an interest in joining the Trust, then Trustees, Heads and staff make themselves available to share the vision and ethos of the Trust. There is a concern that if we put ourselves as being different, we could be inundated with schools who are interested but would not fit with our values. CC advised she was thinking more broadly around accruing teaching staff and potential new Governors, and people who are aligned to the Trusts values would be drawn to the Trust. Some may have experienced working in another Trust and be reluctant to join another one, so it is around the richness and commitment to the autonomy that would attract them. The Chair suggested that it would be a good idea to review the actions from the report in 6 months' time. The CEO advised she will work with GDG and Senior Team, but although the CEO can put forward ideas, it will be owned by the Trust Board. The GDG will share the report with the Members after the minutes have been fed back at the next Trust Board. AGREED – External Review of Governance to be added as an agenda item at the next Trust Board meeting and CEO/GDG to present an Action Plan to address recommendations from the report - GDG to share the report along and action plan with Members after the Trust Board meeting.	
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		NOTED – External Governance Review CC left the meeting 2.35 pm.	
6	Feedback from Internal Audit Review	The Feedback from the Internal Audit Review was circulated prior to the meeting. CDL joined the meeting and summarised the work that was undertaken and the report. CDL advised that they had looked at bank reconciliations, VAT and purchasing and procurement. <u>Bank Reconciliations</u> The Auditors started the work in January so looked at reconciliations from September to December. A review was undertaken to look at how they have been prepared and authorised and to see if there is anything unusual and to make sure everything matches with the bank statements. There were also checks to make sure outstanding transactions were cleared and lodgements or payments have been resolved in a timely fashion. On the bank reconciliations there is an advisory point. The Auditors could see they had been prepared monthly and there was a robust process for preparing and reviewing. There were however a couple of outstanding transactions in the December bank reconciliation, which were dating back to end of October, but there were only about 4. It was noted that there are future postings included on reconciliations, and they were advised this was if the reconciliation was left open for longer than the Purchase Ledger and Sales Ledger, then there are some future transactions posted to the bank. This is reversed the next month. CDL recommended that the bank is closed down and the reconciliation completed quickly after month end to prevent this. <u>VAT</u> The Auditors reviewed all the current year VAT 126 Reclaim Forms that were available and a sample of purchases, and to make sure that the VAT rules are being applied correctly.	

		CDL advised there is an advisory point. The registration threshold is £90,000 p.a. and this relates to other items e.g. supplies of service that are not educational. The Auditors could not see anything significant in terms of income that were not related to the provision of education. CDL advised the lettings appear to be just letting the land, and this is VAT exempt and cannot reclaim any VAT on purchases made. If the Trust was letting to a professional sports team or someone was using the premises to generate profits, then potentially this would not be exempt. The Auditors suggested this needs to be kept under review. Trustees queried if the school needed to pay someone to attend an out of school letting, to unlock and lock up, how this fitted in with VAT. CDL advised if it was a staff member this would not apply, but only if you were buying in a service. <u>Purchases and Procurements</u> The Auditors looked at a sample of purchases across the financial year, ranging in size and type. A few larger purchases were looked at to check there were quotes available. The Trustees queried that as the Trust continues to grow, whether the processes and controls are robust enough. CDL advised they reviewed some purchases and authorisation levels, and the scale of authorisation required. There was one issue identified that someone had changed their email address and some of the quotations had been lost, and there was another transaction where three quotations had not been obtained. CDL had been advised this was due to the normal process not being applied for Sheppey Secondary for the money from the DfE, as this money had to be spent quickly. The quotations need to be saved in a way they can be easily accessed, maintaining a trail of authorisation. CDL acknowledged that Trusts that grow quickly can get themselves into trouble with financial records being in different places and on different systems. The Trust however has a strong finance function behind the Trust that is looking at everything. PT queried he had heard that only two quotations were now needed and CDL was not aware of this and agreed to check this for PT.	
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		The Trustees thanked CDL and his Team for their work and that the CFO had advised there was minimal disruption to day-to-day work. CDL left the meeting at 3 pm. NOTED – The Internal Audit Review	
7	Health and Safety Compliance Update	The Health and Safety Compliance Report was circulated prior to the meeting. SC joined the meeting, and the Trustees thanked SC for his updated report. SC advised that he had tried to keep the report consistent to his predecessor but there might be slightly variations. Schools have improved their training but there is still some work to be completed on Risk Assessments, and SC will work with them. There is work to be undertaken with Aylesham and Sheppey Secondary as they are still new to the Trust. Sheppey Secondary have had a change of contractors, so SC will work with them to get them up to the level of the other schools. Trustees discussed the deterioration of the buildings including the felt roofs. Trustees had undertaken a visit to Bysing Wood where they pointed out there was some flooding where they have not had it before. Trustees queried if there needed to be a strategy for the maintenance of the buildings as there is a health and safety element to it. SC advised that Holywell had put in a CIF bid for their roof, but they were unsuccessful. There were also a couple of other schools who were not successful. A few schools are waiting for CIF bids to be approved this year and SC would also like for Palm Bay to put in a bid this year, for their heating and fire doors. It is likely this is the last year the Trust schools can apply. SC acknowledged that Bysing Wood were unsuccessful because the contribution level was too high. Trustees queried that as new schools join, there will be on-going issues and not all schools' health and safety are up to date. The CEO advised that the process was that at the point of due diligence and agreement to convert, the Director of Estates would visit the school to check there was not	

		anything major outstanding. Any items are then picked up formally in the next round and then the risks looked at. Trustees queried if the schools advised SC when any outstanding items were completed or do the LGBs clear the points. SC advised this was a grey area and would like to undertake an assessment with the LGB to look at streamlining the process. DL has streamlined Safeguarding and will meet with SC to look at different models and options. Trustees questioned where there was good practice, could this be shared across the schools. SC advised the schools have a summary of the report. SC left the meeting at 3.12 pm. NOTED – Health and Safety Compliance Update	DPSC
8	Long-term Financial Planning	The Long-Term Financial Planning Report was circulated prior to the meeting. The CFO advised that the document was one of the first things he developed when the Trust was being set up, and he had now refreshed and updated the document, with the reality of what has happened since. The percentages were what was agreed or set up with some small adjustments for what the CFO is aware is coming in the future. Sheppey Secondary added another extra year group which will inevitably increase the income and therefore the amounts of the 5% paying over, increase. These are the main changes that have been made and with the core team remaining relatively stable during the period, this demonstrates that with everyone paying fully in 2026-2027 the Trust is able to stand alone. The CFO advised in the current year there is a slightly larger deficit where the central Team have increased, perhaps a year ahead of being able to afford it. Since that time the interest rates have gone up and the Trust can guarantee £100,000 worth of income. If the level of reserves going into the central Trust budget remains as predicted, by 2026 the Trust should be self-sufficient.	

		Any growth will be a bonus and then there will need to be a discussion around needing more resource. Trustees queried if the forecast was plotted against the actuals, how accurate would they be. The CFO advised they are relatively close, but worth noting that he has not included inflation, funding rate increases or pay awards. The pupil growth has been marginal except for Bysing Wood for a couple of years and Sheppey Secondary. Over the next 2 years Sheppey Secondary will progress towards being full, so this will impact. Trustees discussed the SEND funding from the Local Authority, and if this was to decrease how this would impact the budgets. The CFO advised that high needs funding should pay for support, so if the funding was removed, then the support should be removed. Trustees discussed the impact reducing the support would have on staffing and implementing EHCPs. The CEO advised in terms of high needs implications, the Trust have much higher than the national average and particularly around SEMH, challenging behaviour, ASD and ADHD, and they need adult intervention, so staff cannot be removed. The only silver lining is the new approach is not about attaching adults to particular children, and the Trust have already started to move to provisions where children can go to regulate themselves. In terms of the document the CFO provided, this will make no difference as this is based on GAG funding and high needs is not being taken into account but will bring new risk. The CFO advised there are two elements to high needs, one is high needs funding that comes from the LA and that is about £900k or 4% of our turnover, so it would be less catastrophic if it was cut. Alongside there is the notional SEN funding and this is about 20% which is about £1.25m and would be more catastrophic if it was cut. Trustees queried if the RAC Committee should keep an eye on this, as the funding will go down not up. The CEO feels this does need to come to the RAC Committee, but this will be put on the Risk Register when the impacts on the schools come into place, but at the moment the Trust does not know the value of each banding or how much each district is getting. Trustees acknowledged that this was about risk and the finances of the Trust. When the Trust started there was significant risk, and there was a robust strategy put in place. It was	
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		acknowledged that the Trust is predicting a break-even budget and a stable financial position in the next two years. The CFO and his team were thanked for helping the Trust to stay on track and deliver to the plans. The CEO has been in discussion with the CFO and GDG, historically the Long-Term Financial Planning papers has come to the RAC Committee to make sure that the Trust will be financially viable within the period of time. As there will be an interim CFO joining the Group, followed by a new CFO appointment, the CEO is conscious they do not attend more meetings than is necessary. The CFO requested that the paper is reported to the Finance and People Committee, as it is not felt it is a risk, and asked the Chair and RAC Committee to agree that this comes off the RAC Terms of Reference and added to Finance and People. The Trustees agreed as there will still be oversight at the Trust Board, as long as the minutes are sufficient. It was agreed that unless it is felt the Trust is a financial risk, it is not a RAC item. The Trustees will still have both audits and financial statements plus the CFO can be invited to the meeting if needed. AGREED – The Trustees agreed for the Long-Term Financial Planning paper to be removed from the RAC Terms of Reference and added to the Finance and People Terms of Reference. NOTED – The Long-Term Financial Planning Paper	GDG
9	Risk Register	The updated Risk Register was circulated prior to the meeting. The DPSC highlighted the following changes: Risk 2 has been reduced following the SRMA audit and the outcomes of the Ofsted visits over the last year. Risk 5 has not changed due to Aylesham joining the Trust recently, as they need to go through a full year of our processes and procedures.	

		The Trustees discussed the risk around attendance and at what point do the Trust consider that this target will not be reached and whether the risk remains appropriate. The DPSC advised that this has not been considered yet as the Trust is part way through an Attendance Project being led by the DPSC and Executive Headteacher Emma Law. The CEO agreed that this was a difficult area as nobody was prepared to acknowledge that the school cannot fix something broken at society level. There is a new Ofsted Framework due, and it will judge schools on attendance and all the Trust schools will be in red apart from Holywell. This will mean that the schools will have an inspection every 6 months and the schools will still be red. The CEO is therefore nervous about changing this risk, as currently we can evidence, we have done everything we can. The CEO will however take this away and give it some thought. Trustees acknowledged there is a lot in the press regarding vulnerable and disadvantaged children and the Trust will need to continually look at this and would be nervous removing this risk. Trustees discussed the scoring and how if the scores were changed to indicate that we will not reach it, we would still have a target score residual risk of 8. Attendance could be put as a separate risk as it is a huge challenge. Part of Item 9 was considered confidential and will form Part A of the minutes. NOTED - Risk Register	
10	Any other business	The Chair had asked if the next RAC Committee meeting could be moved to the 10th June 2025 at 3pm and everyone was in agreement. AGREED – The next RAC Committee meeting to be moved to the 10th June 2025 at 3 pm.	
11	Matters Considered Confidential	Part of Item 9 were considered confidential and will form Part A of the minutes.	
12	Date and time of next Meeting	The next meeting is Tuesday, 10 th June 2025 at 3.00pm	

There being no further business the meeting closed at 4.06 pm.



Signed: ... PHH

Print: Peter Goldsack

Date: ...10.06.25.....