Meeting	MAT Risk, Audit and Compliance Committee	Date	Friday, 26th March 2021
Location	Virtual Meeting via Microsoft Teams	Time	11.00 a.m.
Membership of the RAC Committee	Peter Goldsack (Chair), Peter Troke (PT), Graham Razey (GR)		
In Attendance	Tammy Mitchell (CEO), Chris Legg (CFO), Sharon Hollingsworth (DG), Claire Edgeworth (CE) - Notetaker		

	ITEM	COMMENTS	ACTION
1	Welcome and apologies for absence	The Chair welcomed everyone to the meeting and noted there were no apologies for absence. Trustees were reminded that GR had offered to serve on the Committee on a temporary basis to fill the membership vacancy until a replacement is sought. Within the Governance Agreement between EKC Group and the Trust there is a requirement for the CEO of the Group to serve on the Committee. DG clarified that GR would have full voting rights, alongside PG and PT Noted: The Governance Agreement requires GR, as CEO of the Group, to serve as a member of the RAC Committee. DG will report the requirement to the Trust Board in July.	
2	Declarations of Interest	None given.	

3	Minutes of the meeting held 11th January 2021.	Everyone had received the minutes from the last RAC Committee meeting, and the Committee agreed these were an accurate record. The remote e-signing of the minutes will be undertaken by the Chair following the meeting.	
4	Matters Arising not covered by this agenda:	The Chair went through the actions from the last meeting and all actions, not covered by the agenda today, have been actioned.	
5	MAT Risk Register to include deeper dive	The Trustees had requested that they wished to include a deeper dive into Risks 5, 6 and 10 on the MAT Risk Register and this agenda item had been carried over from the last RAC Committee Meeting held on 11th January 2021. The CEO and CFO have updated the MAT Risk Register but there has not been a full review since January 2021 (in line with the Trust Business Cycle). The Risk Register was circulated again prior to the meeting today. The Chair queried that it was not always possible to identify which controls mitigate which risk e.g. the risk of failure to identify related party transactions between the Trust and the Group, and the Chair had found it difficult to identify which controls mitigate this risk. The CFO advised that this is covered in the Trust's Financial Regulations and the Academies Financial Handbook and is dealt with through the annual declaration of interests which is used to capture any party transactions. The Chair advised that the score on Risk 5 was incorrect and the CEO will amend. AGREED: The CEO to amend the score on Risk 5.	CEO to amend score on Risk 5.

		The Trustees discussed the need to add a risk to look at how the Trust would cope in case of catastrophic failure and the risk to the Group and how the Group would cover this. The Trustees agreed that there needed to be an analysis of what services the Group is providing above the £250,000 e.g. support from HR, which is not costed currently, so the Trustees are aware of the total support being provided to the Trust. The Group also needs to understand what its continued fund contribution will be to the Trust, how it will be calculated, and what the next 3 years will look like in terms of Group services support. The Trustees agreed that the Trust needs to build up some reserves from the Group support and look at the way forward. The CEO advised that there had already been some work undertaken last summer based on current budgets and the schools in 2023 will start to contribute to the Trust. Any new schools coming into the Trust will contribute from day 1. The CEO advised that the percentage contribution will be nominal because we cannot predict any larger pieces of work e.g. H.R. having a huge case arise that we would not have known about. AGREED: The CEO and CFO to meet to look at the cost of the support functions provided by the Group. GR advised that due to the pandemic the Trust growth has slowed and is aware that between 2021-2023 the Group will need to continue to support the Trust and will need to look at building up a level of reserves for the Trust to mitigate a level of financial risk. The Trustees queried that the risks on the Risk Register are quite chunky and whether the probability score recorded as 2 in Risk 5 was realistic. It was agreed that the controls brought the probability down to a 2 but the initial impact would be higher. The CFO felt that catastrophic failure is a Business Continuity Plan impact and should therefore sit within Risk 9. Risk 5 needs to look at finance and the impact is Risk 9.	CEO & CFO to meet.

		The Trustees looked at whether this fits into Risk 4 and the CFO felt that they should not load everything into Risk 5 and the need to make sure it is assigned to the right risk on the plan. The Trustees queried that they had been under the impression that the plan was that in 3 years the Trust should be virtually independent so the catastrophe would be minimal, but if this was to happen the DfE would intervene. The CEO advised that due to the relationship between the Group and the Trust, the Trust is linked to a very large, safe organisation. The Group has its own Risk Register and mitigation controls and is protected against the financial situation. The CEO acknowledged that within a 3 year period the schools need to start contributing to the Group for the support services e.g. Finance and H.R. The CEO raised the question that the schools do not pay for the CEO and felt that this was the main risk. If the Group did not pay for the CEO, the schools would be unable to afford the role, so this is an area that needs to be looked at. The CEO advised that the Governing Body for the Group were assured that if they employ the CEO then the Group and Trust were aligned together. The Committee agreed that they would feel more reassured if there was a Reserves Policy for the Trust outside of the schools stating what it will hold in reserve to enable the Trust to engage in new initiatives. The CFO advised that based on current figures the schools would have to pay a 5% top slice and most MATs are 7-8% and Primary Trusts tend to be 10%. The Trustees agreed that the current four schools have a good financial and services arrangement from the Group as an incentive but we need to look forward so the Trust is sustainable in its own right over time. The CEO advised that the Trust is looking at its strengths around school improvement and is offering two commercial courses that will bring income into the Trust as a start to income generate.	

		The Chair queried landlord responsibilities that are not insurable and whether the Trust will be building a reserve to cover this. The CEO advised that the schools are responsible for their own refurbishment in terms of general maintenance but the landlord responsibilities are around compliance and statutory duties and we pay for that centrally e.g. legionella, however putting the things right still sits with the schools as the schools wanted to manage their own budgets. The Trustees queried whether in the long term plan there was an optimal size and if so, what would be the optimal make up e.g. primary vs secondary and the charges to schools. The CEO advised that in the initial scoping the Trust based their figures on schools not being smaller than one form entry and the Trust would become comfortably stable around 10 schools. In terms of secondary school model, there is a desire to have a free school and the CEO has been looking at the Otterpool Park development in Folkestone and would be interested if there was a free school in Sheppey. The CEO acknowledged that the Secondary Schools that come up requires improvement and we would not be considered suitable to take them on as we have no track record. The CEO advised that if a Secondary School asked to join the Trust we would be open to that but the landscape has to be primary driven as that is where the opportunities are. All the modelling is based on a primary growth and around 3000 pupils. The Trustees queried if Teaching Schools would come into this and the CEO advised that Teaching Schools no longer exist and there is no funding available and the only Teaching School for Kent and Medway is in Tunbridge Wells and they have been awarded the whole Teaching School budget for the Kent and Medway. Queenborough will remain as a Teaching School as an arm for the Trust. Jason Howard has met with Bennett Memorial School this week and suggested we would like to work in collaboration and partnership as a delivery arm in the South East.	CEO & CFO to meet to look at scoping

		The meeting discussed the format for bringing the Risk Register to the next meeting. It is hoped that some financial scoping by the CEO and CFO will be available for the next meeting. The Committee agreed that the following would be reviewed in detail at their next meeting: • Risk 9 - Business Continuity • Risk 2 - Education Risks around Covid • Risk 4 - Failure to deliver the Trust Improvement Strategy The Committee were keen to develop an annual schedule whereby the Committee reviews 3 Risks in detail at each meeting. AGREED: The CEO and DG to work up an annual plan of the Risks to be brought to the future meetings and share with the Chair.	CEO & DG
6	Update on Term Time Only staff salaries	This agenda item had been taken to the Trustee Board and was put on the agenda for the RAC Committee to look at potential risks and has been included on the Risk Register. Since the paper was presented to the Trustee Board, the Director of Operations has arranged a meeting with an Area Education Officer as they have not been clear in their guidance on how they will distribute historical pay. The Trust will be adjusting holiday calculations from April but are negotiating with KCC around how they will reimburse those staff who were previously employed by KCC. The Chair queried how the information will be communicated to the staff and the CEO advised that a letter will be sent from the CEO so that all staff receive the same message. The CEO advised that there has been no further update on the Brazel Vs Harpur case. The Trustees queried whether schools would need to pay a proportion of the funds out of their reserves. The CEO advised that the schools had put aside the back pay for	

		this financial year in their budgets as this had been expected and Q2 budgets will be re-forecast so that the Heads will see this in their salary line.	
7	Health & Safety Compliance Report	The Health and Safety Compliance Report was brought to the RAC Committee from the Trustee Board. The CEO apologised that she had been away when this report was produced, and it had been sent before it had been signed off. Although the report provides a narrative, it did not provide any reassurance and was not helpful for Trustees or schools as it did not show how impactful the risks are. The CEO advised there was a new approach to reporting and the health and safety visits will take place again in the summer term and there will be a new reporting structure for the June meeting. The CEO advised that on a site by site basis the meeting with the Caretaker had been useful. The CEO had now produced a RAG spreadsheet and the Trustees felt this was useful and reassuring. The Trustees were concerned that from a RAC point of view how many were rated red and the CEO advised that now the gaps had been identified these were being addressed. The Committee discussed the reasons for so many areas being rated red and the CEO felt it was due to a range of things for each school. As soon as KCC were aware that the schools were converting, they had stopped undertaking their landlord responsibilities and the Trust had been unaware of this and are now 6 months behind. Due to Covid, contractors could not be on site and some areas were a Trust issue and measures have been put in place resolve. The Trustees felt that it was easy to see how these areas had become red and had confidence in EKC Group Estates rectifying this quickly. The Trustees acknowledged that the responsibility of tracking the compliance lies with the Local Governing Boards and the RAC Committee monitor this. The schools will be aware when the next inspection is due, and the CEO will provide a report to the Committee after the visit.	

		GR queried whether the CEO felt the schools would now prefer for this to be managed centrally and the CEO advised that two of the Business Managers were retiring at the end of the year and both Head Teachers have asked the CEO to explore the opportunity to pay in and have more of the work completed centrally. Now that the schools have had a feel of the calibre of Group services staff that they are working with, schools might decide they would rather pay in for the service.	
8	Internal Audit Plan Update	The CFO circulated the Internal Audit Plan prior to the meeting. The CFO advised that the report has come from the Internal Auditors and is an annual process where they provide independent assurance against certain aspects of the financial controls. The Auditors will virtually access the EKC Group Finance Department's records and examine income/debtors, expenditure/creditors and management accounts in terms of accuracy and content and provide comments around how good the format is and how well informed the Trustees are. There will be additional comment around VAT as this is quite a high-risk area and there can be high penalties. GR felt that the rate for the internal audit was very high and would expect this to be around £600. This rate had been agreed by the Trustees however the DG will note that this will need looking at in the future. The findings report will be brought to the June RAC Committee meeting. The Chair queried if the report will be shared with the Group as a lot of the controls are Group controls. The CFO gave consideration to this point as there is equivalent work going on in the Group and he will need to make sure that we are not paying twice. The CFO to take this point up with Financial Statements Auditor. GR advised that as the Group have their own Auditor, they could be asked to work on behalf of the Trustees if there were any additional pieces of work to be undertaken.	CFO to speak to Financial Statements Auditor

9	Any Other Business	The CEO advised that she has been on some CEO training and wished to share with the Trustees that out of 32 national Trusts on the course, EKC Schools Trust is only one of three Trusts that are budget setting in the way that they would prefer. The Trustees queried if there is an appropriate way of looking at finance and the CFO advised that it was best to look at EBITDA and not to look below as it covers items like pension contributions.	
10	Matters considered confidential	There were no matters considered confidential.	
11	Date and time of next meeting	14th June at 2.30pm	

There being no further business the meeting closed at 12.30 pm

Remote approval received from the Chair by e-mail on 6th July 2021

Print: Peter Goldsack Date: 6th July 2021