

Minutes of meeting

Financial Oversight and Risk Committee – extraordinary meeting

<b>Date:</b>	2 July 2020	<b>Time:</b>	17:00 to 19:00
<b>Location:</b>	TEAMS meeting	<b>Clerks:</b>	Rebecca Okey and Jennie Gardner
<p><b>Present:</b> Andrew Jones, Trustee and Chair (AJ) Ian Brookman, Trustee (IB) Frances Hall, Trustee (FH)</p> <p><b>In attendance:</b> Nick Hudson, Chief Executive Officer and Trustee (NH) Jo Dawson, National Director of Finance (NDoF) (JD) Rob Pritchard, National Director of Education (RP)</p> <p><b>Apologies:</b> Peter Murray, Founding Chair and Trustee (PM)</p>			

	Item	Action
1.	<b>Welcome and apologies</b>	
1.1	AJ welcomed everyone to the meeting.  Apologies were received from PM.	
2.	<b>Approval of minutes of previous meeting of 26 June 2020</b>	
2.1	The minutes from the meeting 26 June 2020 were not finalized and will be circulated via email later.	
3.	<b>Financials</b>	
3.1	<p><b>2020/2021 budget</b></p> <ul style="list-style-type: none"> <li>The NDoF highlighted that the purpose of the budget paper, circulated in advance as pre-read, was to agree what should be taken to the Board about an update on the budget and the 3-year plan.</li> <li>The budget will be taken to the Board for approval in late September and ahead of the filing date of 29<sup>th</sup> September, deferred from July.</li> <li>The Trustees discussed the potential use of 19/20 surpluses for use as a “contingency” in 20/21 to act as a buffer against known risks and sensitivities e.g. lost lettings income and for additional investment in school improvement and catch-up, over and above that any provided by covid specific funding e.g. OAT may wish to invest in accelerating its investment in digitization.</li> </ul>	

	<ul style="list-style-type: none"> <li>The Trustees agreed that 19/20 surpluses, over and above budget, that have arisen because of covid-19, could be utilized in 20/21 on school improvement and additional catch-up activity.</li> <li>The Trustees agreed that there should be additional governance around the release of contingency funding due to the unpredictable nature of COVID 19.</li> <li>The Committee agreed there should be no change to the target closing reserves figure of 3% reserves/ income.</li> </ul>	
3.2	<p><b>Integrated financial 3 Year Plan - extract</b></p> <ul style="list-style-type: none"> <li>The NDoF highlighted that there was no requirement to formally submit a 3 year plan this year but there was a requirement on the Board to ensure that effective and integrated planning processes were in place.</li> <li>It was noted that the CEO and NDoF would be presenting the approach to developing the 3 Year financial plan in full at the Board meeting on 9 July 2020 in the context of the update on Strategy.</li> <li>On examination of the proposed approach, the Trustees confirmed support of the approach but stressed it is the role of the Board of Trustees to give final approval on approach and final numbers</li> <li>Trustees asked what the main source of other income in other MATs is. The NDoF advised that it is lettings income, which is currently unpredictable due to COVID 19. The NDoF stated that the Lettings project had been reinitiated.</li> </ul>	
4.	<p><b>Governance Update/Transformation Update</b></p> <ul style="list-style-type: none"> <li>The NDoF presented an overview of the work being performed around Governance, Risk and Assurance to provide context and as an introduction to the Decision-Making Framework and Risk Framework.</li> </ul>	
4.1	<p><b>Decision Framework Update</b></p> <ul style="list-style-type: none"> <li>The NDoF advised that all tiers of governance had requested a review of the Governance Framework, noting that such a review was normal as organisations grow</li> <li>The proposed Decision Framework sets out to clarify the responsibilities of each tier of Governance (Board, Executive/ central teams, Regional/Phase Directors, Principal, and the Local Governing Body).</li> <li>The NDoF advised that we were in the consultation phase. Executives and Regional/ Phase Directors has been consulted, Trustees and a sub-set of Chairs of Governors would be consulted in July/ August.</li> </ul> <p>The Trustees advised the following:</p> <ul style="list-style-type: none"> <li>the document needs to reflect the role of Local Governing Board and the wording should reflect that they “note” policy but do not “ratify”.</li> <li>the first paragraph should open more positively.</li> <li>each page should have column headers to make it easier to read.</li> <li>more items should be allocated to the Board of Trustees so there is clear evidence of them actively approving and monitoring.</li> </ul> <p>Noted:</p> <ul style="list-style-type: none"> <li>The Trustees had conducted a review and provided feedback to the NDoF.</li> </ul>	

	<ul style="list-style-type: none"> <li>The NDoF to make changes discussed.</li> </ul>	
4.2	<p><b>Risk Framework Update</b></p> <ul style="list-style-type: none"> <li>The NDoF had previously circulated a draft risk framework policy and framework and noted the following: <ul style="list-style-type: none"> <li>This has been reviewed and commented on by Mazars.</li> <li>A meeting had taken place with the Director of Risk at the BBC to discuss various approaches to risk management and assurance. This was in response to a recommendation made by Trustees during the March Board meeting.</li> <li>It is recommended that the Risk Policy and standard risk register be issued in early Autumn 2020.</li> </ul> </li> <li>The Trustees discussed the ownership and management of risk. It was decided the overall risk framework should sit with the Audit Committee with other sub-committees should monitoring their specific operational area. The Terms of Reference for each sub-committee should be amended to reflect that.</li> <li>The Trustees advised that the framework should apply to academies as well as head office.</li> <li>They also requested a visual aid to illustrate how risk affects every person in the organization and how all areas fit in to the holistic governance framework.</li> <li>In response to a question from the Trustees around the capacity of HO resources to manage the requirements around risk, the NDoF highlighted that 3 key resources were involved – the Head of Governance, Head of Projects, and Head of Assurance. No additional resource has been recruited specifically around Risk but extra capacity in the Finance team should enable greater delegation and free-up time for the Head of Assurance. Furthermore, these three roles would be managed by one executive from September compared to three different executives under the current structure.</li> <li>The Trustees reviewed, discussed, and noted the policy and framework. A final iteration will be submitted for Board approval in September 2020.</li> </ul>	
5.	<b>A.O.B.</b>	
5.1	None	
6.	<b>Date of next meeting</b>	
6.1	23 September 2020.	

**Table of action points**

3.1	NDoF to update budget and sensitivity analysis in the light of the 19/20-year end position and further government updates.	JD
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4.1	NDoF to amend Decision Framework document and distribute to Trustees for further comment.	JD
4.1	NDoF to consult with selection of Chairs of Governors	JD
4.2	NDoF to amend Risk Framework document and distribute to Trustees for further comment.	JD
4.2	NDoF to provide an overview of how Governance, Risk and Assurance will work together at all tiers of governance.	JD