



Nexus MAT Board of Directors Extra Ordinary Meeting Wednesday 11 December 2024 5.00 pm – 7.00 pm via MS Teams

Attendees:		
Rachel Potts	Director/Member & Chair of Trust Board of Directors	Chair
Sue Shelley	Director & Vice Chair of Trust Board of Directors	SS
Gillian Askew	Director	GA
Colin Bradley	Director	CB
Mark Greenwood	Director	MG
Tina Havenhand	Director	TH
Victoria Morris	Director	VM
Ray Palmer	Director	RPa
Also Present:		
Carrie Jensen	Auditor – Forrester Boyd (F-B)	CJ
Joel Hardwick	Assistant CEO – Corporate Affairs	JH
Karen Smith	Chief Finance Officer	KS
Renata Robins	Governance Clerk	Clerk
Apologies:		
Phil Bradley	Director	PB
Warren Carratt	Chief Executive Officer	CEO
Naomi Cooper	Director	NC
Jacky Tattershall	Assistant CEO – Quality Assurance and Improvement	JT
No apologies:		

1. WELCOME & APOLOGIES FOR ABSENCE	ACTIONS
<p>1.1 Welcome & receive apologies for absence</p> <p>All were welcomed to the meeting and apologies were tabled for PB, CEO, NC and JT.</p>	
<p>1.2 To accept apologies for absence</p> <p>Apologies were accepted for PB, CEO, NC and JT.</p>	
2. ITEMS FOR AOB	
<p>Chair to determine any items of urgent business to be considered</p> <p>None.</p>	
3. DECLARATIONS OF INTERESTS	
<p>3.1. Individual Directors to declare any personal/business/governance interests on any agenda item</p> <p>None.</p>	
4. DRAFT ANNUAL ACCOUNTS – FORRESTER BOYD	
<p>Directors had received the draft annual accounts and management letter, prepared by Forrester Boyd in advance of the meeting. Discussion/challenge was as follows:</p> <p>CFO highlighted recent adjustments and minor corrections made over the past week. The finalised documents had been updated and placed in the shared folder on Governor Hub. Key changes included updating the reserves policy section to reflect current policy and adding a paragraph on financial key performance indicators near the bottom of page nine.</p> <p>Chair emphasised that the session was an opportunity for Directors to review the management letter and accounts, ask questions and seek clarity before their presentation to the Board. It was clarified that this was not a signing-off process, with formal approval scheduled for the Board meeting on 18 December.</p> <p>CB asked a question about the moderate and minor concerns at the end of the management letter. CB was concerned that the last action about credit card transactions and lack of authorisation expense claims, it did not seem to him that anything had been resolved?</p> <p>Chair clarified that CB’s question may be answered as CJ goes through the management letter firstly and then Directors could ask any outstanding questions at the end.</p>	

CJ highlighted the management letter's accessible overview of key financial points and welcomed questions on the accounts, if needed. CJ thanked the CFO and her team for their high-quality work under tight timelines.

Directors' attention was drawn to the need for additional VAT compliance reviews, noting increased HMRC enquiries targeting academies and CJ recommended incorporating these into internal audits. The CFO confirmed that Nexus had conducted an internal audit this year focusing on VAT compliance, engaging a specialist advisor to perform a review. Additionally, two advisors were now supporting this area. Under VAT registration, HMRC must complete their enquiry before issuing a refund, eliminating the right to investigate afterward. This process had caused delays for some academies, with refunds withheld for 4-6 months during detailed reviews creating significant cash flow challenges.

Key Audit Areas

CJ explained that there were no significant changes from last year and the items listed were self-explanatory. The risks identified were common across all academies, except for the conversion of academies into the trust. In the case of The Willows, additional work was done to verify the land and buildings valuation and ensure that the brought-forward reserves matched the relevant documentation.

Overview of the Year – Income

Income decreased from £70.8 million to £67.3 million, primarily due to conversions. However, excluding these transfers, income increased significantly, driven by an £11 million rise in educational funding, particularly an £8.5 million boost in local authority funding. Capital grants fell by £600k, while donations rose by £900k. Investment income increased to £379k due to high interest rates.

Overview of the Year - Expenditure

Expenditure rose by £10 million, mainly from additional schools, but the percentage of income spent on salaries decreased slightly from 84% to 83%. Teacher salaries rose by 7.7% to £44k, while support staff salaries increased by 10% to £27k. Rent, rates and utilities increased by £100k, offset by energy credits.

Costs for cleaning, catering, and other contracts rose due to increased minimum wages and inflation, with further increases expected after April. Fixed assets grew to £87 million, largely from land and buildings, and debtor balances increased due to outstanding payments and accrued income. Cash reserves grew by £2 million, indicating no cash flow concerns.

Creditors rose by £600k due to payment timing and payroll costs increased by £380k, primarily from higher pension contributions. Pension liabilities were reported as assets, driven by better-than-expected investment performance.

Reserves increased by £2.5 million to £7.7 million, representing 13% of income. Hilltop had a £294k deficit but plans were in place to address it. Most schools had surpluses, with only a few reporting deficits.

GA enquired, and pointed out that she may had asked this before, but did Nexus have any PFI schools within the estate? If so, how many? GA was

wondering about the implications of those PFI contracts coming to an end and what that might do to some of those maintenance costs?

The CFO confirmed that there was one PFI school, Craggs, with the agreement set to end in 2033.

SS referred to page 54 of the accounts, noting that it cost £66 million to build and maintain Craggs. SS realised that the PFI would end in 2033 and asked what would happen regarding major repairs or maintenance in the final 18 months or two years, and should that figure be £66 million?

CJ confirmed that this would come down to approximately £23.5m (rough estimate) and the error would be amended in the accounts.

SS asked if this changed all the Trust's asset figures?

CJ confirmed that it did not as it did not go into the accounts.

GA expressed concerns about the difficulties schools faced with PFI contracts, citing troubling examples of companies involved in PFI projects. GA highlighted the uncertainty around the condition of school facilities when PFI ended and the financial burden of maintaining them. GA noted that PFI contracts were complex and often lacked sufficient support for schools.

JH reported that NC mentioned a consultancy firm, Project PFI, at the last board meeting. The company specialised in PFI maintenance and contract transitions, offering services where fees were paid from savings made during the process. The consultancy aimed to address the gap in support for schools and trusts navigating PFI contracts. Lana Stoyles had been tasked with exploring this option further. JH noted that the risk for the Trust was relatively low, given that it only had one PFI primary school compared to trusts with multiple secondary schools under PFI.

Audit

CJ moved on to the audit section and explained that the next points were related to statutory matters. The first focused on independence and ethical standards. Since the audit was conducted by the first-floor team, F-B ensured there were sufficient safeguards in place to avoid any independence issues, such as self-review threats. Management had been informed of this and a second review would be conducted by one of the other partners before the audit report was finalised next week to ensure the process was thorough.

In Section 5, the formal matters, F-B would outline any potential modifications to the audit report. However, CJ noted that there were no modifications, and the audit report would be clean with standard wording, as expected.

CJ stated that this year, three key issues were raised:

- Retrospective Orders: A small number of schools (3 out of 37) still had challenges with orders and invoices. Training and reminders were in place, but ensuring orders were raised before invoices would improve controls.
- Salary Pay Scale: A minor issue with unclear documentation of an employee's pay scale was identified and corrected, with a trivial underpayment resolved.

<ul style="list-style-type: none"> • Expense Claims: Some claims lacked supporting receipts, but the amounts were small. The new system from April should address this issue moving forward. <p>Overall, the audit revealed minimal concerns. The systems and controls were strong and payroll reviews were effective. The Trust’s financial information was accurate and no significant unadjusted misstatements were found. The trivial misstatement limit was set at £58,000 and any systemic issues or fraud would be reported immediately. CJ asked if all Directors were still happy with that limit?</p> <p>Chair stated that she was going to ask how that limit was calculated? CJ answered that it was basically based on a percentage of income.</p> <p>No other queries were raised.</p> <p>CJ thanked Directors for their questions. This concluded CJ’s presentation of the accounts.</p> <p>CJ flagged up to Directors, The Academy Trust Handbook updates, effective from September, which introduced a key change regarding finance leases. Previously restricted to operating leases, trusts now had greater freedom to lease certain items, such as IT equipment and minibuses, for example, allowing costs to be spread more flexibly. This was a positive shift, offering more options rather than imposing additional restrictions.</p> <p>Chair asked if there were any more questions, and none were raised.</p> <p>CFO expressed satisfaction with the audit, praising the positive outcomes and the seamless collaboration with Caprice Lamberti and her team. She highlighted improvements in information sharing due to the new system and was pleased that the financial results aligned with previous figures shared with Directors, reflecting a strong financial position for the Trust.</p> <p>Chair thanked both the CFO and her team and Caprice Lamberti and her team at F-B.</p>	
<p>235. ANY OTHER URGENT BUSINESS</p>	
<p>None.</p>	
<p>6. CONFIDENTIALITY</p>	
<p>To consider the confidentiality of any items discussed during the meeting</p> <p>None raised.</p>	
<p>7. DATES OF FUTURE MEETINGS</p>	

<p>Wednesday 18 December 2024</p>	<p>17:00-19:30</p>	<p>Nexus HQ</p>
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Monday 13 January 2025	17:30-19:00	Annual General Meeting - Nexus HQ/Teams
Wednesday 29 January 2025	17:00-19:30	Teams
Wednesday 26 February 2025	17:00-19:30	Nexus HQ
Wednesday 26 March 2025	17:00-19:30	Teams
Wednesday 30 April 2025	17:00-19:30	Nexus HQ
Wednesday 21 May 2025	17:00-19:30	Teams
Wednesday 25 June 2025	17:00-19:30	Nexus HQ
Wednesday 23 July 2025	17:00-19:30	Nexus HQ

Minutes approved.

CHAIR	SIGNATURE	DATE