

GOVERNANCE STATEMENT
For the Year Ended 31 August 2019

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that REACh2 Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Chief Executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between REACh2 Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weakness or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met six times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Jeremy King - Chair	6	6
Gavin Robert – Vice Chair	6	6
Colin Powell	3	6
Michael Peters	3	6
Victoria Pigott	1	6
Dr Louise Askew	4	6
Tony Gilbey	4	6
Clive Rockingham	3	6
Chris Kane*	0	1
Ralph Kugler	5	6
Teresa Beach	6	6
Wade Newmark	5	6
Jonathan Lewis	2	6
Sir Steve Lancashire (ex-officio)	6	6

(* /+ denotes trustees who joined or left during the reporting year)

During the last reporting period, trustees undertook a self-evaluation review of governance. The findings of this review led to the establishment of a new Governance Steering Group within the Trust chaired by Louise Askew. The ongoing review of governance within the Trust has resulted in:

- A change of governance structure aligned to the new operating model was approved to be implemented during the academic year. This work has been undertaken alongside the Trust board's risk steering group and will be fully implemented in early 2020. Instead of regional boards, the Trust has created cluster boards which will meet once a term. Risk management will become a key feature of cluster board activities.
- a review of the current terms of reference for each Trust Board Committee to ensure governance is effective across the Trust as well as plans to develop more detailed schedules of business and meeting cycles and template agendas across the trust.

GOVERNANCE STATEMENT (continued)

- An appointment of a qualified chartered secretary to the newly created post of Company Secretary in September 2019 to oversee and maintain outstanding standards of corporate governance across the trust. The Company Secretary will act as advisor to the board and the Chair ensuring trustees receive full support in fulfilling their legal duties and assisting the trustees with decision making processes by providing high quality information and guidance in relation to governance, regulatory, risk and compliance matters. The role holds a strategic position at the heart of governance operations within the Trust and the Company Secretary will advise and provide guidance on legal and regulatory implications of the strategic plan. The Company Secretary will act as a point of communication between the trustees, executive management team and the members and over the next financial year will (amongst other workstreams) review the Scheme of Delegation, review the training and development needs of trustee and committee members and board evaluation procedures, review the annual schedule of trustee meeting business, agendas and terms of reference for committees and review trustee induction arrangements.

The governance steering group will continue to review the implementation and effectiveness of the new Trust governance structure during the 2019/20 academic year.

The Academy Trust has six sub committees reporting into the Board of Trustees:

- Finance
- Risk and Audit
- Human resources
- Educational Standards & Performance
- Estates and Free School
- Remuneration

Each sub-committee comprises at least three trustees, one of whom is the committee chair. Each committee meets at least termly and presents a report of key findings and actions taken to the Board of Trustees.

The finance committee is a sub-committee of the main board of trustees. Its duties include:

- to develop a financial strategy for the Academy Trust and consider policies, procedures or plans required to realise such strategy,
- to receive financial monitoring reports from individual academies,
- to consider individual academy budget proposals for authorisation,
- to consider exceptional requests for expenditure,
- to oversee significant investment and capital financing decisions
- to oversee the financial position of the trust.

No significant issues to note were dealt with during the year.

Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Antony Gilbey (Chair)	6	6
Jonathan Lewis	4	6
Jeremy King	5	6
Wade Newmark	5	6
Sir Steve Lancashire (ex-officio)	4	6

The Risk and Audit committee, a sub-committee of the main Board of Trustees. Its purpose is to:

- Monitor the integrity of the financial statements
- Review internal financial control and directing the trust's programme of internal audit scrutiny.
- Reviewing the academy's internal control and risk management systems reporting to the trust board on

GOVERNANCE STATEMENT (continued)

the adequacy of the trust's controls.

- To review the action and implementation of risk management policy across the Academy Trust, reporting to the Trust board on the adequacy of the Trust's management of risk.
- Making recommendations to the governing body in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the auditor
- Reviewing the auditor's independence and objectivity No significant issues to note were dealt with during the year.

Attendance at meetings in the year was as follows:

Trustee	Meetings Attended	Out of a possible
Clive Rockingham (Chair)	3	3
Jeremy King	2	3
Gavin Robert	3	3
Teresa Beach	3	3
Sir Steve Lancashire (ex- officio)	3	3

The HR committee, a sub-committee of the main Board of Trustees. Its purpose is to:

- to consider, determine and keep under review any strategies and policies for human resources and organisational development
- to consider, determine and keep under review effective arrangements for consultation with staff as a whole and for negotiation and consultation with appropriately recognised Trade Unions and/or other representatives.
- to undertake the role of the disputed resolution panel to consider appeals against the Chief Executive Officer or Academy Trust decisions
- to ensure effective measures are in place to promote equality and diversity in employment
- to consider the details of restructuring programs following any necessary approvals in principle by the Trust Board
- to develop strategy and policy in all matters relating to the recruitment, reward, retention, motivation and development of the Academy Trust's staff
- to address the topic of pay for employees below Executive level. Executive Pay should only be reviewed and addressed at the Remuneration Committee.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Teresa Beach (Interim Chair)	3	3
Victoria Pigott	0	3
Colin Powell	3	3
Ralph Kugler	2	3
Sir Steve Lancashire (ex-officio)	2	3

GOVERNANCE STATEMENT (continued)

The Education, Standard and Performance committee, a sub-committee of the main Board of Trustees. Its purpose is to:

- to ensure that the highest possible standards are set and maintained across the Academy Trust
- to receive a termly report from the Executive Team regarding standards and performance of the Academy Trust against key performance indicators
- to identify any areas of concern in respect of standards and performance and to implement an action plan with the Executive Team
- to ensure that the Academy Trust's curriculum is balanced and broadly based
- to scrutinise and review Academy Trust policies for recommendation to the Trust Board
- to ensure that effective processes are in place for the quality assurance and self-evaluation of teaching and learning, the curriculum, inclusion and the sharing of good practice across the Academy Trust
- to support the Chief Executive Officer in the creation, implementation and monitoring of the Academy Trust's self-evaluation development plan and any post-Ofsted action plan
- to advise the Trust Board with respect to targets for student achievement across the Academy Trust
- to ensure that effective arrangements are in place across the Academy Trust for pupil support and representation, for monitoring pupil attendance and for pupil discipline

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Michael Peters (Chair)	5	5
Colin Powell	4	5
Jonathan Lewis	0	5
Louise Askew	4	5
Sir Steve Lancashire (ex-officio)	5	5

The Estates and Free Schools committee, a sub-committee of the main Board of Trustees. Its purpose is to:

- to ensure that the operation and asset management of the Trust's estate, is delivered appropriately
- to ensure that the Free Schools programme is delivered appropriately
- to ensure that effective processes are in place for the quality assurance of the Executive's work on Estates and capital management and on overall project management of the Free Schools programme, identifying any areas of concern or untapped potential and overseeing appropriate planning and action by the Executive Team
- to ensure that capital requirements are taken into account in the development, implementation and review of any Trust policies, programmes for reserves and investment and funding decisions, working closely with the Finance Committee
- to identify, initiate, consider and keep under review the fullest range of external sources and avenues for capital funding and to ensure an appropriate pursuit by the executive of options with the best potential
- to scrutinise, review and where appropriate approve relevant policies, where relevant in liaison with other Trust Board Committees
- to scrutinise and review the estates teams' role in terms of reporting into the Health, Safety and Wellbeing function along with the expedient resolution of estates related health and safety defects and/or implementation of appropriate risk control measures.

Attendance at meetings in the year was as follows:

GOVERNANCE STATEMENT (continued)

Trustee	Meetings attended	Out of a possible
Wade Newmark (Chair)	4	4
Clive Rockingham	4	4
Michael Peters	2	4
Sir Steve Lancashire	4	4
Chris Kane (Resigned from board 11.12.2018)	0	1

The Remuneration committee, a sub-committee of the main Board of Trustees. Its purpose is to:

- to consider, determine and keep under review a framework or policy for the remuneration, benefits and incentives of the Chief Executive Officer and such other members of the Senior Executive Team as the Trust Board shall from time to time direct
- in determining that framework, to seek evidence of the remuneration, benefits and incentives paid to senior executives in comparable employment within the commercial and voluntary sectors
- to consider the outcome of every appraisal of the performance of the Chief Executive Officer and such other senior executives as the Board shall from time to time direct
- to make recommendations to the Trust Board as to the remuneration, benefit and incentives that should be paid to the Chief Executive Officer and such other senior executives as the Trust Board shall from time to time direct with a view to ensuring that they are encouraged to enhance their performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Academy Trust and its progress towards fulfilling its objectives
- to make recommendations to the Trust Board as to the remuneration, benefits and incentives of newly appointed senior executives
- to determine the policy for and scope of pension arrangements, service agreements, termination payments and compensation commitments for the Chief Executive Officer and such other senior executives as the Trust Board shall from time to time direct
- to consider other topics, as defined by the Trust Board from time to time

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Ralph Kugler (Chair)	4	5
Gavin Robert	5	5
Jeremy King	4	5
Louise Askew	4	5
Wade Newmark	4	5

GOVERNANCE STATEMENT (continued)

Review of Value for Money

As Accounting Officer, the Chief Executive has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The Accounting Officer understands that the value for money refers to the educational and wider societal outcomes achieved in return for the taxpayers' resources received. During 2019/20 an internal benchmarking process is to be introduced in relation to the budget return documentation and assessing value for money.

The Accounting Officer considered how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Supporting close working relationship within clusters of schools to enable proactive support and challenge across our academies. Transparency and clarity of spending schools' budgets is scrutinised and ratified across all tiers of governance. Schools are also able to challenge the Trust in how it spends money.
- Ensuring that a set of guiding principles, including transparency and clarity of how money is spent and value for money were developed as part of formulating the new reserves policy.
- Ongoing review of the procurement of services across our academies to achieve better quality, economies of scale and consistent outcomes across the academies.
- Educational outcomes have improved by ongoing support from the Trust including receiving regular data reviews and moderation of the academies self-evaluation and school development plans. These are reviewed and challenged at all levels of Governance across the Trust.
- Ongoing review both external and internal of our academies to ensure that the expected outcome of the academies during Ofsted are in line with Trust expectations. Intervention is delivered where required.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in REAch2 Academy Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risks

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees and a new risk strategy has been implemented from 1 September 2019 to enable consolidation and identification of common risks across the entire trust by embedding the risk framework.

The Risk and Control Framework

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- Regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programs
- Setting targets to measure financial and other performance
- Clearly defined purchasing (assets purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

GOVERNANCE STATEMENT (continued)

The board of trustees considered the need for a specific internal audit function and decided to appoint Michelle Roe as an in-house internal Auditor. Given the large size of the trust and the scale of the internal audit function, it was felt that an in-house function was the most effective way of delivering the Trust's internal audit scrutiny.

The work plan for the Internal Auditor is driven and agreed by the Audit and Risk Committee and is informed by risk. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular, the checks carried out in the current period included:

- testing of purchase systems
- testing of control accounts / bank reconciliations
- testing of compliance with the scheme of delegation and internal controls

On a termly basis, Michelle Roe the internal auditor reports to the board of trustees, through the risk and audit committee on the operation of the system of control and on the discharge of the board of trustees' financial responsibilities. The board can confirm that the internal auditor has delivered the schedule of work as planned. During the current and previous period, there were no material control issues and thus no remedial action was required to be taken.

Review of Effectiveness

As accounting officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the internal auditor
- The work of the external auditor
- The financial management and governance self-assessment process
- The work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the results of their review of the system of internal control by the Risk and Audit committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 12 December 2019 and signed on its behalf by

Signed:

Signature removed from
public copy

Jeremy King
Chair of Trustees

Signed:

Signature removed
from public copy

Sir Steve Lancashire