

Governance Statement

31st August 2022

Scope of Responsibility

As Trustees/Directors, we acknowledge we have overall responsibility for ensuring that Future Generation Trust has an effective and appropriate system of control, financial and otherwise. Such a system is, however, 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.

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Directors 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 the Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees and material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met seven times during the period.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee/Director	Meetings attended	Out of a possible
F Dale	7	7
P Woodhead	4	7
J Macey	5	7
S Ayres	7	7
H Southern	2	7
M Whitehouse	5	7
P Farrow	4	7
C Martin	6	7
C Steel	4	7
N Boys	4	7
L Bowen (appointed 29 September 22)	0	0

The Board of Directors reviewed the Trust's governance structure during the year to evaluate its impact and effectiveness. The Board has a wide range of skills that contribute to the successful governance of the Trust and are satisfied that the current structure in place is appropriate and effective for the Trust.

External Review of Governance

The West Midlands Regional Delivery Directorate commissioned an external review of Governance during 2022. The final report was extremely positive as illustrated by the following comment from the summary:

"This is a highly effective board of trustees, which is carrying out its core governance responsibilities"

Other key findings included:

- *The trust has a clear vision, ethos, and strategic direction, with the 'Strategy Wheel' outlining a clear pathway to achieving its goals by capturing a clear set of actions, aims and objectives.*
- *There are clear lines of accountability for the CEO, as well as the wider trust leadership for school performance.*
- *Clear and consistent financial procedures and management systems are in place.*
- *The board have a dynamic and broad range of skill sets who bring a diversity of thought to discussions. They constantly reflect, review and refine practices and performance.*

It was further noted that:

Growing the trust will provide increased long-term security and it has been clearly demonstrated that horizon scanning is a key strength of the trust, which continuously refines and improves processes and procedures across all operational and educational areas. Based on these findings the trust is in a strong position to expand as part of their growth strategy."

Conflicts of interest

The Trust has a process in place to ensure that all Trustees declare any potential conflicts of interest whether business, financial or otherwise. These are collated on a register, published on the trust's website and reviewed annually. The entries are considered during any decision-making process. There is an agenda item at all committee meetings to encourage any declarations of interest on the content of the meeting.

Governance Reviews

All levels of Governance complete the skills matrix showing any areas of development or lack of expertise for both Board of Directors and at Academy Local Governing Bodies. The summary outcomes of such reviews are discussed at Board and Academy level and appropriate actions put in place to address any shortfalls. For example, areas highlighted for further development for procurement training are discussed and the most appropriate ways to address such gaps considered. It has been identified that additional Governor training is to be offered across the Trust.

The Finance and Resources Committee is a sub-committee of the main board of directors. Its purpose is to:

- Consider the best means of fulfilling the Trust's responsibility to ensure sound management of the Trust and Academy finances and resources, including proper planning, monitoring and probity;
- Receive reports from members of Academy staff about matters relating to any of the issues listed in their terms of reference;
- Scrutinise the Trust and Academy budgets and finance, health and safety, staffing and estates arrangements;
- Oversee the financial risk, internal controls and management of the Trust and Academy until the Audit and Risk Committee was created in January 2022.

Attendance during the year at meetings was as follows:

Trustee/Director	Meetings attended	Out of a possible
J Macey	3	3
M Whitehouse	3	3
P Farrow	1	1
C Martin	3	3
C Steel	1	1

The Audit and Risk Committee is a sub-committee of the main board of directors and had its first meeting January 2022. Prior to this the audit responsibility lay within the Finance and Resources Committee. Its purpose is to:

- Receive reports from members of Academy staff about matters relating to any of the issues listed in their terms of reference;
- Oversee all risks both financial and non-financial;
- Scrutinise all matters relating to estates management and cyber security;
- Deal with all matters relating to auditing, internal scrutiny, finance and risk management that may be referred by the board of Trustees or central team.

Attendance during the year at meetings was as follows:

Trustee/Director	Meetings attended	Out of a possible
P Farrow	2	2
C Steel	2	2
F Dale	2	2

Review of Value for Money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Multi Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the 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 Trust has delivered improved value for money during the year by:

Professional Development

Value for money principles have been fully integrated into staff training opportunities provided by FGT. In this aspect of trust performance, the collaborative working practices that FGT have strenuously strived to establish have underpinned joint initiatives that have been put in place. Wherever possible, training provided by an external person or company is undertaken across all individual academies to share training costs. Central facilities are used to avoid venue charges and in many cases delegates from outside of the trust are invited to attend to offset costs. Multiple examples of this working method have been undertaken so that now this general principle is fully embedded and accepted.

Free at point of delivery training is provided by members of the central team and by any trust staff working at sister academies. Larger conferences are tendered across at least 3 venues with the lowest priced venue being selected.

Headteacher Recruitment

The unanticipated resignation of the headteacher at the largest of the academies presented a challenge of recruiting a suitably qualified and experienced individual at relatively short notice. The knowledge held at central team level significantly aided the identification of a potential candidate working within the Trust. This negated the need to seek external agency support to locate a short-term replacement and avoid third party fees. This approach proved to be successful and will be used as a template when similar situations arise in the future. This approach also removed the urgency in recruiting for the permanent substantive post. The knowledge that a short-term person was in situ allowed Trustees to set the prospective salary at a competitive level rather than pay over and above 'market' value due to the immediate need.

Condition Statements

The Trust have undertaken a full tendering process to select a suitable partner to deliver condition statements for all FGT sites. The chosen partner's plans have been employed to provide accurate data about the building condition which allows for proactive rather than reactive building maintenance. This risk led approach guides spending and future investments, therefore ensuring value for money is achieved.

Energy Monitoring

During the last 12 months significant progress has been made on understanding energy consumption data and improving energy and water management at each academy. To encourage collaborative working and ensure consistent implementation of practices and procedures a cross academy working group has been established. The group is chaired by the Head of Operations and Facilities and a nominated Trustee also attends the half termly meetings. Environmental sustainability and energy efficiency are the key drivers for the improvement projects implemented by the group, examples of which include:

- **Pro-active energy monitoring** – Baseline data has been established for energy and water consumption at each site. Usage is monitored monthly from 'actual' meter reads taken by site staff and the data is used to track seasonal trends and to spot any discrepancies.
- **Reducing energy usage** – Through passive (insulation) and active (management and controls) interventions FGT have reduced the demand for energy and water across our buildings.
- **Consistent approach** – To embed behavioural change and to support any new academy joining the trust an 'Energy & Water Management Good Practice Guide' has been created.
- **LED lighting** – An annual rolling programme of investment is in place to upgrade the lighting to LED's in all academies and the trust is committed to doing the same in any academy joining the MAT.
- **Energy procurement** – With the support of an energy consultant recommended by the Confederation of School Trusts we are currently exploring opportunities to procure energy utilities more efficiently by tendering a trust energy contract.
- **Renewable energy** – FGT are currently exploring opportunities to generate our own energy through Solar PV installations and installing EV chargers for staff use. We are also in the process of developing a trust wide Heat Decarbonisation Plan.

In July 2022, FGT were successful in securing a Salix Phase 3 Public Sector Low Carbon Skills Fund grant. The grant is to enable the trust to access the expertise and skills needed to put in place a Heat Decarbonisation Plan (HDP) for each academy which is part of the trust's estate. The HDP's are currently being produced for each academy by Barker Associates and will be completed by 31 March 2023. The recommendations will be reviewed both at academy level and across the MAT with a view to prioritising projects that are most urgent and will have the maximum impact.

Project Management

The knowledge, expertise, and experience of the Estates Manager of the central team has allowed for academies to confidently undertake minor building improvements without the need to engage with an external project manager. This has saved considerable professional fees without compromising upon the quality of the completed project and all compliance considerations. Examples include the new classroom build at St. John's and the Nursery extension at Gentleshaw of projects that have been completed in this way.

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 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.

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Capacity to Handle Risk

The Board has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The Risk and Control Framework

The 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 reviews which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and Resources committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees considered the need for a specific internal audit function and MLG Education Services Limited have carried out this role throughout the reporting period. This option has been chosen because it employs a third party audit firm to scrutinise the internal processes, systems and procedures of the trust; being a different audit firm to the external auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Multi-Academy Trust's financial systems. In particular, the checks carried out in the current period included:

- Review of Estates Management including:
 - Building valuations
 - Asset Management plans
 - Condition Improvement Funding documentation
 - Fixed Asset Registers
- Transaction testing (at each academy) in the following areas to ensure controls are in place and that transactions comply with the academy's financial regulations:
 - Payroll
 - Purchasing including credit cards
 - Expenses Income
- Review the "Must" areas of the Academies Financial Handbook.
- Accounting
 - Monthly reconciliations (including bank)
 - Financial reporting
 - ESFA financial returns

On a regular basis, the internal auditor reports to the Board of Directors, through the Audit and Risk committee on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities. On an annual basis the internal auditor prepare a summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress. The internal auditor has delivered their schedule of works.

As the Trust's growth plans for 2022/23 has seen one academy join the Trust and will potentially see a further school join, the Board has a Director with specific skills aligned to Risk and Audit to ensure that this area has internal expertise to oversee the framework and to take an active role in the ongoing development. The addition of the separate Risk and Audit Committee in January 2022 has reinforced the focus in this area.

Review of Effectiveness

As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditor;
- the work of the executive managers within the 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 result of the review of the system of internal control by the Finance and Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Directors on 8 December 2022 and signed on its behalf by:

F Dale
Chair of Trustees

S Ayres
Accounting Officer