

Bourne Education Trust

Financial Management Manual

2020-2021

Amendment	Section/Page
Trust must appoint a clerk	1.2/ p3
Finance & Audit Committee Terms of Reference replaced by Audit & Risk and Resources Committees Terms of Reference	2.1/ p8-14
Finance Timetable to reflect changes in trust governance structure and new SRMSA requirement	2.3.1/ p18
Updated KPI section to reflect SRMSA requirement	2.3.4/ p21
Updated Executive Pay section to confirm compliance with AFH publishing requirements	2.4.8/ p35
Amendment to insurance information to include end date of long term agreement	2.6.2/ p39
Link to Whistleblowing Policy added	2.7/ p39
GAG Policy	3.7/ p46

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PART 1

1. ROLES AND RESPONSIBILITIES

1.1 INTRODUCTION

Bourne Education Trust's management structure is intended to ensure clarity of roles and efficiency and consists of three levels: The Board, Local Governance Committees for each school in the Trust and the Senior Leadership Team (SLT) for each school in the Trust. Schools may also have a defined middle management team depending on the size of the school. The aim of the management structure is to devolve responsibility, encourage involvement in decision-making at all levels and maximise opportunities for succession planning.

The Board fulfils a strategic role and measures performance across the Trust against. Responsibilities are devolved to schools through a Scheme of Delegation. Local Governance Committees fulfil a largely strategic role for their school in the Trust. They adopt a School Development Plan, approve the annual budget, monitor the school's performance and, on advice, make decisions about the strategic direction of their school, its capital expenditure and senior staff appointments. The appointment of all members/directors/governors will be advised to the ESFA through Get Information About Schools (GIAS).

The SLT may vary across the schools in the Trust but will usually consist of a combination of the following: Headteacher, Deputy Headteachers, Assistant Headteachers, SENCo and Business Manager but there are local variations or additions. These managers control the academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group, the senior managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, other than specific senior staff appointments which are covered under the Scheme of Delegation.

The middle management team consists of the Heads of Departments or Key Stage Leaders or other designated postholders. All levels of leadership may have responsibilities as budget holders depending on the cost centre structure of the individual school.

All staff including the Accounting Officer are expected to adhere to the ['7 principles of public life'](#).

The overall governance arrangements of the Trust are published on the Trust's website.

1.2 TRUST BOARD

- To ensure regularity and propriety in the management of all funds
- To appoint a Chief Executive Officer/ Accounting Officer (CEO/AO)

- To appoint a Chief Financial Officer (CFO)
- To appoint a Clerk who is not a Trustee or the CEO
- To ensure efficient, economical and effective management of the resources of all schools in the Trust against key performance indicators
- To consider delegation of decision making via the scheme of delegation
- To review from time to time with the Chief Operating Officer (COO), the financial regulations for the supervision and control of financial procedures, accounts, income and expenditure of the school included in this Financial Management Manual
- To approve a balanced or surplus budget for the financial year to 31st August and to minute the approval of the budget
- To be responsible for signing the statutory accounts and any other Trust level financial returns
- To agree the level of central funds
- To set up an audit committee and agree its terms of reference.

1.3 CHIEF EXECUTIVE OFFICER

- To act as the Accounting Officer (AO) of the Trust and adhere to the ‘seven principles of public life’
- In all these responsibilities the Chief Executive Officer is supported by the Chief Operating Officer (COO)
- To advise the Board on the discharge of its responsibilities.
- To ensure the efficient, economical and effective management of the Board’s resources via the schools
- To ensure that financial considerations are taken fully into account in reaching decisions and in their execution
- To be responsible for reviewing approved budgets ensuring that they are in line with key performance indicators or variances are explained
- To ensure that all financial reports to the ESFA/DfE, are accurate and on time
- To review from time to time the financial regulations for the supervision and control of financial procedures, accounts, income and expenditure of the school and propose any variations to the Board
- To receive regular reports on the income and expenditure of the schools through the key performance indicator reports
- To follow the agreed schemes of delegation in appointing new staff.

1.4 MEMBERS

- To oversee the achievement of the objectives of the company to educate its young people
- To ensure that the board is discharging its duties
- To attend the annual general meeting with the Trustees/directors
- To receive the company’s financial accounts and annual report

- To appoint/remove Trustees/directors
- To appoint other members
- To amend the Articles of the company
- To wind up the academy Trust.

1.5 ACCOUNTING OFFICER

- To ensure value for money to achieve the best possible educational outcomes through the economic, efficient and effective use of resources
- To ensure regularity when dealing with all items of income and expenditure in accordance with legislation, the terms of the Trust's funding agreement and compliance with the Trust's internal procedures
- To ensure propriety, the requirement that expenditure and receipts should be dealt with in accordance with Parliament's intentions and the principles of parliamentary control
- To complete and sign a statement on regularity, propriety and compliance each year and submit this to ESFA with the audited accounts.
- Demonstrating how the Trust has secured value for money via the governance statement in the audited accounts
- To take personal responsibility for assuring the board that there is compliance with the handbook and the funding agreement
- To advise the board in writing if the board appears to be failing to act where required to do so by the terms and conditions of the handbook or funding agreement. If the accounting officer considers that the action proposed by the board is in breach of the articles, the funding agreement or this handbook, the accounting officer will notify the ESFA's accounting officer immediately, and in writing.

1.6 CHIEF FINANCIAL OFFICER

- To play both a technical and leadership role
- To ensure sound and appropriate financial governance and risk management arrangements are in place
- To prepare and monitor Trust budgets including the three year plans
- To ensure the delivery of annual accounts.

The CFO is supported by local business managers whose role is:

- To provide such assistance to the Local Governance Committee as necessary for the satisfactory completion of their financial responsibilities, including access to all financial documents and accounting systems
- To ensure with finance staff that all aspects of academy financial management requirements are implemented with references to the Academies Financial Handbook and the ESFA Business Cycles, especially in the critical area of periodic reporting of

the school's financial position to the ESFA/DfE, Companies House and Charities Commission

- To provide regular reports on the school's financial position for the relevant governance committee and report variations in the budget
- To ensure full and complete observance by the financial administrative staff of financial procedures and arrange for these to be amended in the light of changing requirements
- To arrange for all financial activities at the school to be fair and honest
- To agree with the Headteacher funds to be delegated to cost centres taking into account their forecasted requirements
- To be responsible for all matters not covered by specific budget holders.

1.7 LOCAL GOVERNANCE

Local Governance Committees

- To monitor the efficient, economical and effective management of the school's resources and expenditure (including funds, capital assets and equipment and staff) within the school's approved budget
- To raise any significant concerns with the Trust's executives.

Headteacher

- To advise the Local Governance Committee on the discharge of its responsibilities
- To ensure the internal framework of the Trust is followed that includes:
 - co-ordinating the planning and budgeting processes
 - applying discipline in financial management, including managing banking, debt and cash flow, with appropriate segregation of duties
 - preparation of monthly budget monitoring reports
 - ensuring that delegated financial authorities are respected
 - effective planning and oversight of any capital projects
 - the management and oversight of assets
 - the propriety and regularity of financial transactions
 - reducing the risk of fraud and theft
 - ensuring efficiency and value for money in the organisation's activities
 - a process for independent checking of financial controls, systems, transactions and risks
- To work with the Trust's executives to agree the annual budget
- To ensure records are maintained relating to the accounts
- To ensure that all financial reports to the ESFA/DfE, Governors, SLT and all other budget holders are accurate and on time
- To receive regular reports on the school's income and expenditure, showing a comparison of these against annual budget

- To sign off month end reports including bank reconciliations
- To sign off all pay variations
- To ensure new staff appointments are compliant with the scheme of delegation.

Budget Holder

- To work with the Business Manager to forecast an appropriate level of funding for each category
- To exercise responsibility for routine control and monitoring of their budget expenditure.

PART 2

2. FINANCIAL AND GOVERNANCE REQUIREMENTS

2.1 FINANCIAL OVERSIGHT

AUDIT & RISK COMMITTEE (TRUST)

Membership

- The Audit and Risk Committee (ARC) will have no fewer than 3 members of whom at least 2, including the Committee's Chair, will be members of the Board. The Chair of the Board will not be a member of the Committee.
- The Chair of ARC will be appointed by the Board from any of its members except the Chair of the Board or the CEO.
- All ARC members will be non-executive and appointed by the Board, on the recommendation of the Chair of the Trust.
- The Board may also appoint one or more independent external members selected through open competition.
- All appointments shall be made with due regard to the need to understand the organisation's objectives, structure and culture, and other legislative and accountability contexts within which it operates. Where possible ARC members will collectively possess knowledge and skills in accounting, risk management, audit, financial governance and technical issues relevant to the business and strategic management of the organisation.
- The term of service for ARC members will be for a period of 3 years, extendable for up to a maximum of a further 3 years at the discretion of the Board. ARC members who are members of the Board may stand down with the consent of the Board and their service will discontinue if they no longer serve as members of the Board.
- Members should declare conflicts of interest not previously notified.

Attendance at meetings

The CEO, COO and Operations Director shall normally attend meetings of the Committee. A representative of the External Auditors shall attend the Autumn term meetings, with arrangements made for the Committee to meet with the external auditors without any executive staff present. Relevant managers can be invited to attend meetings of the Committee when their area of responsibility is under examination.

Clerking arrangements

The clerk to the ARC Committee will be the Clerk to the Board or another appropriate independent individual.

Quorum

A duly convened meeting of the ARC at which a quorum of two members is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or

exercisable by the ARC, so long as at least one is a member of the Board. The Chair of the Board may nominate alternative Board delegates if one or two of the members cannot attend a meeting.

Frequency of meetings

The ARC will meet at least 3 times a year at appropriate times in the reporting and audit cycle, co-ordinated in advance of the Board so that it may receive the ARC's report and recommendations from each meeting.

Other matters

Facilitated by the CEO, all ARC members are expected to undertake an appropriate programme of engagement within the Trust and its activities to help them understand its objectives, business needs, priorities and risks.

Terms of reference

External auditors

- to advise the Trust Board on the appointment of the External Auditors, the audit fee, the provision of any non-audit services by the External Auditors and any questions of resignation or dismissal of the External Auditors
- to receive from the External Auditors, before the audit begins, the nature and scope of the audit
- to discuss with the External Auditors problems and reservations arising from the external audit, including a review of the management letter incorporating management responses,
- to have an opportunity to discuss any matters with the External Auditors in the absence of executive staff
- to monitor annually the performance and effectiveness of External Auditors, including any matters affecting their objectivity, and to make recommendations to the Trust Board on the reappointment, dismissal, retendering and remuneration
- to advise the ESFA if the auditors are removed before the end of their term of office
- to review every five years the External Audit service to ensure that it is performing efficiently, effectively and economically.

Financial statements

- to consider in the presence of the External Auditors, the final version of the audited financial statements after they have been submitted to the Resources Committee reviewing the auditors' formal opinion, the corporate governance statement and the statement of internal control
- to consider whether the Trust has adopted appropriate accounting policies, made disclosures with appropriate clarity and completeness and set these properly in context
- to receive, as appropriate, a report on any critical judgements informing the preparation of the accounts

- to recommend, if thought fit, the financial statements to the Trust Board for approval
- to consider reports from Finance Committee on any changes to accounting policies
- to review the External Auditors' letter of representation.

Internal auditors

- to advise the Trust Board on the appointment of the Internal Auditors, the audit fee, the provision of any non-audit services by the Internal Auditors and any questions of resignation or dismissal of the Internal Auditors
- to identify on a risk basis the area to review each year; examining and reviewing all systems and methods of control both financial and otherwise including risk analysis and risk management; and for ensuring the Trust is complying with the overall requirements for internal scrutiny, as specified in the Academies Financial Handbook.
- to review and approve the Internal Auditors' strategy and programme; to consider the major findings of internal audit investigations and management's response
- to review every three years the Internal Audit Service to ensure that it is performing efficiently, effectively and economically

Risk Management

- to keep under review the effectiveness of the risk management, control and governance arrangements including insurance arrangements
- to encourage a culture within the trust whereby each individual feels that he or she has a part to play in guarding the probity of the Trust, and is able to take any concerns or worries to an appropriate member of the management team or in exceptional circumstances directly to the Board of Trustees
- to recommend to the Trust Board the Risk Management Policy and the Board Assurance Framework (Risk Register)
- to review the policies delegated to the Audit & Risk committee according to the Trust's Management of Policies; in particular Whistleblowing and Fraud
- to ensure that information submitted to the DfE and ESFA that affects funding, including pupil number returns and funding claims completed by the Trust and its constituent academies, is accurate and in compliance with funding criteria
- to receive reports from the schools on the effectiveness of a contingency and business continuity plan and associated procedures
- to receive any relevant reports from the National Audit Office, the DfE, ESFA and any other relevant organisations
- in the event of the merger or dissolution of the institution, to ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed

Roles and responsibilities

The Resources Committee has general supervision of the financial, human and capital resources of the Trust. The Audit and Risk Committee will review the audit aspects of the annual financial

statements. These aspects will include the external audit opinion, the statement of members' responsibilities, the statement of internal control and any relevant issue raised in the External Auditors' management letter. The Committee should, where appropriate, confirm with the Internal and External Auditors that the effectiveness of the internal control system has been reviewed, and comment on this in its annual report to the Trust Board.

The Audit and Risk Committee reviews the effectiveness of the risk management, control and governance arrangements. In connection with this, risks of undertaking an accounting policy change in the financial statements are delegated to the Finance Committee. In the case of a policy change, the Audit and Risk Committee will receive assurance from the Resources Finance Committee that risks have had due consideration. The Audit and Risk Committee will consider annually when it reviews the financial statements whether the Trust has adopted appropriate accounting policies, made appropriate estimates and judgements, made disclosures with appropriate clarity and completeness and set these properly in context.

The Remuneration Committee will be constituted annually from members of the Resources Committee under delegated authority of the Trust to determine the remuneration of the CEO and COO of the Trust.

The Committee is authorised by the Trust to investigate any activity within its terms of reference. The Committee is authorised by the Trust to obtain outside legal or other independent professional advice and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary, normally in consultation with the CEO or COO. However, it may not incur direct expenditure in this respect without the prior approval.

RESOURCES COMMITTEE (TRUST)

Membership

- The Resources Committee (RC) will have no fewer than 3 members of whom at least 2, including the Committee's Chair, will be members of the Board. The Chair of the Board will not be a member of the Committee.
- The Chair of RC will be appointed by the Board from any of its members except the Chair of the Board or the CEO.
- All RC members will be non-executive and appointed by the Board, on the recommendation of the Chair of the Trust.
- The Board may also appoint one or more independent external members selected through open competition.
- All appointments shall be made with due regard to the need to understand the organisation's objectives, structure and culture, and other legislative and accountability contexts within which it operates. Where possible RC members will collectively possess knowledge and skills in accounting, risk management, audit, financial governance and technical issues relevant to the business and strategic management of the organisation.

- The term of service for RC members will be for a period of 3 years, extendable for up to a maximum of a further 3 years at the discretion of the Board. RC members who are members of the Board may stand down with the consent of the Board and their service will discontinue if they no longer serve as members of the Board.
- Members should declare conflicts of interest not previously notified.

Attendance at meetings

The COO and/or Head of Finance, Operations Director and Head of HR shall normally attend meetings of the Committee led by the agenda. Relevant other managers can be invited to attend meetings of the Committee when their area of responsibility is under examination.

Clerking arrangements

The clerk to the Audit and Risk Committee will be the Clerk to the Board or another appropriate independent individual.

Quorum

A duly convened meeting of the RC at which a quorum of two members is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the RC, so long as at least one is a member of the Board. The Chair of the Board may nominate alternative Board delegates if one or two of the members cannot attend a meeting.

Frequency of meetings

The RC will meet at least 3 times a year at appropriate times in the financial reporting cycle, co-ordinated in advance of the Board so that it may receive the RC's report and recommendations from each meeting.

Other matters

Facilitated by the CEO, all RC members are expected to undertake an appropriate programme of engagement within the Trust and its activities to help them understand its objectives, business needs, priorities and risks.

Terms of reference

Finance

- To review the Trust's annual financial position, including
- considering whether rigour and scrutiny has been applied to the budget management process
- reviewing the constituent schools' and Trust's annual budget
- reviewing the constituent schools' and Trust's three-year plan to ensure the Trust is a 'going concern'
- recommending to the board the approval of the budgets
- considering during the year significant variances between the budget forecast and actual income and expenditure
- reviewing pupil number estimates termly as these underpin revenue projections

- completion of statutory returns including as outlined in the Academies Financial Planning Calendar

Financial reporting

- To review the actions and judgments of management, in relation to the Trust's financial statements, operating and financial review paying particular attention to:
 - critical accounting policies and practices, and any changes in them
 - decisions requiring an element of judgment
 - the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed
 - adjustments resulting from the audit
 - compliance with accounting standards, the obligations of the Academies Financial Handbook as applicable to this committee
 - compliance with Charity Commission and other legal requirements
 - material post balance sheet events

HR

- to ensure that the implementation of the trust's strategy is underpinned by sound HR policies including effective measures to promote equality and diversity in employment
- to monitor the HR and recruitment strategy of the trust ensuring that it is designed to attract and retain high calibre staff and ensure effective succession planning
- to approve remuneration, HR and related policies in order to ensure that sound procedure is in place meeting all statutory requirements
- annually, to approve the Trust's pay ranges
- annually, to set up a panel to consider any pay recommendations resulting from the performance management of the CEO and COO
- to monitor effective arrangements for staff consultation and negotiation with Trade Unions, where applicable

Procurement, Estates & IT

- to ensure that the implementation of the trust's strategy is underpinned by sound procurement, capital and IT policies
- to approve the Trust's estate development programme and use of School Condition Allocations (SCA)
- to monitor progress in taking forward the agreed programmes and to advise the Board on any matters of concern

H&S

- to receive each term any significant Health and Safety matters
- to monitor compliance with the Academies Health & Safety policies and statutory obligations under the Health and Safety at Work Act 1974

Roles and responsibilities

The Resources Committee has general supervision of the financial, human and capital resources of the Trust. The Audit and Risk Committee will review the audit aspects of the annual financial statements. These aspects will include the external audit opinion, the statement of members' responsibilities, the statement of internal control and any relevant issue raised in the External Auditors' management letter. The Committee should, where appropriate, confirm with the Internal and External Auditors that the effectiveness of the internal control system has been reviewed, and comment on this in its annual report to the Trust Board.

The Audit and Risk Committee reviews the effectiveness of the risk management, control and governance arrangements. In connection with this, risks of undertaking an accounting policy change in the financial statements are delegated to the Finance Committee. In the case of a policy change, the Audit and Risk Committee will receive assurance from the Resources Finance Committee that risks have had due consideration. The Audit and Risk Committee will consider annually when it reviews the financial statements whether the Trust has adopted appropriate accounting policies, made appropriate estimates and judgements, made disclosures with appropriate clarity and completeness and set these properly in context.

The Remuneration Committee will be constituted annually from members of the Resources Committee under delegated authority of the Trust to determine the remuneration of the CEO and COO of the Trust.

The Committee is authorised by the Trust to investigate any activity within its terms of reference. The Committee is authorised by the Trust to obtain outside legal or other independent professional advice and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary, normally in consultation with the CEO or COO. However, it may not incur direct expenditure in this respect without the prior approval.

FINANCE COMMITTEE TERMS OF REFERENCE (SCHOOL)

Local Governance Committees may choose not to have a finance committee and absorb these responsibilities in the terms of reference of the main governance committee.

Membership: A minimum of three members of the Local Governance Committee, the Headteacher (if not already a governor) and the business manager. The committee may make recommendations to the Local Governance Committee for the co-option of non-governor members.

Chair: To be a member of the Local Governance Committee. To be appointed by the members at the first meeting following appointment of members for the academic year. In the absence of the chair, the quorate membership will appoint a chair for that meeting.

Clerk: Clerk to the governors. In his/her absence, one of the members present.

Quorum: Three members.

Meetings (frequency): A minimum of one per term.

Meetings (notice): One week in writing with agenda.

Meeting (minutes): To be circulated within two weeks of the meeting.

Purpose: To guide and assist the Headteacher and Local Governance Committee in all matters concerning budgeting, finance and premises, including grounds, security and health and safety.

FINANCE MATTERS

- To contribute to and monitor the School Development Plan in particular its financial implications
- To promote and monitor the school aims and operate value for money when considering major expenditure
- To consult with other committees where necessary
- To contribute to the creation of the annual budget with Trust executives, taking account of the School Development Plan
- To monitor at least termly the actual income and expenditure and revised forecast against the annual budget, making recommendations where necessary and raising any significant concerns with Trust executives
- To monitor and review relevant policies, making recommendations to the Local Governance Committee and/or Trust as required
- To assist the Trust in ensuring that the annual financial statements are produced in accordance with company and charity law and ESFA requirements
- To follow the Trust's financial policies within the limits set down in the Financial Management Manual
- To ensure Voluntary Funds are administered properly and audited as required

PREMISES MATTERS

- To consider recommendations for the long-term need for space in relation to student numbers
- To monitor the use of capital funds and raise any significant concerns with Trust executives
- To oversee relevant contracts not managed by the Trust.

HEALTH & SAFETY MATTERS

- To monitor Health and Safety issues on all school activities, whether on or off site
- To ensure that termly inspections take place and to report the outcome to the Headteacher and Local Governance Committee
- To ensure that staff follow Health and Safety procedures and prepare Risk Assessments for all school activities, whether on or off site
- To receive and respond to information or regulations concerning Health & Safety.

2.2 INTERNAL CONTROL/FINANCE POLICY

PURPOSE

- To define the responsibilities of the management levels in the Trust
- To provide guidance on the application of regulations
- To identify procedures to ensure integrity of internal controls
- To set out guidelines to ensure effectiveness of resources.

ACCOUNTABILITY

The Trust board has statutory responsibility for the oversight of the financial management in all schools and is supported in this by the Trust's Audit Committee. It does this by:

- Setting the terms of reference for the Audit Committee
- Setting the terms of references for the school Finance or Resources Committee as incorporated in the manual
- Receiving regular reports from schools
- Approving the constituent schools' and overall Trust budget
- Producing the annual financial statements and accounts in accordance with the Companies Act 1985 and the ESFA/DfE guidance issued to academies
- Reviewing and maintaining finance policies including levels of authority for spending through the approval of this manual
- Receiving external auditor reports and reviewing systems of internal financial control on the advice of the Audit Committee and/or internal audit team.

The Trust has considered its freedom to establish amalgamate a proportion of GAG funding as a central pool for all of its academies to support the normal running costs of any of its constituent academies. The Trust has decided not to establish a central pool believing that all constituent schools must ensure ongoing financial health and provide value for money in the use of public funds. In the event that the Trust does in the future decide to establish a pool, constituent academies have the right to appeal.

The Local Governance Committee has responsibility to monitor the efficient, economical and effective management of the school's resources and expenditure and is supported in this by the Finance or Resources Committee. The Local Governance Committee carries out its oversight role by:

- Reviewing provisional local annual budget based on the aims, objectives and priorities of the school, the financial position of the school and the levels of projected reserves
- Reviewing a provisional surplus management plan should the surplus exceed 12% of income

- Working with the Chief Operating Officer to prepare a three-year plan updated at least annually
- Monitoring the annual budget and reporting significant variances to the Trust's executives and Audit Committee
- Considering the affordability of the SDP and any other supporting plans
- Considering the impact of student numbers on the budget over short, medium and long terms
- Receiving and responding to reports of the Audit Committee
- Receiving and reviewing monthly finance reports
- Providing the Trust board with regular reports.

AUTHORITY TO INCUR EXPENDITURE

Individual schools may have lower authorities but these are the maximum. Providing funds are allocated in the budget:

- The budget holder with responsibility for a cost centre can approve up to £1,000 in any one transaction
- The budget holder and a member of the SLT with responsibility for a cost centre can approve expenditure between £1,001 and £5,000 providing funds are available
- The Headteacher has authority to incur expenditure and make payments up to a value of £20,000, and up to £50,000 in respect of capital
- The Finance Committee has authority to approve all revenue or capital purchases costing more than £20,000 & £50,000 respectively but less than £100,000
- The Local Governance Committee must agree any purchase over £100,000.

PURCHASING

- The Trust shall maintain a policy of best value for all purchases and produce an annual value for money statement
- All purchases should be made through the school's ordering system
- The finance office shall keep records of all purchases made including quotations received but not accepted

The policy of best value will be applied using the four principles:

1. Challenging how a service or supply is provided and why it is required
2. Comparing performance with other schools
3. Consulting with relevant stakeholders
4. Competing as a means of securing efficient and effective services and supplies.

The Trust aims to ensure that no Trustee, governor, employee or related individual or organisation gains from their position by receiving orders or being awarded tenders as a direct result of that

relationship and/or under terms that are preferential to those that would be offered to an individual or organisation with no connection to the Trust.

INTERNAL CONTROLS

Internal delegation, subject to the limits in 2.2 above, will be as follows according to individual school practice:

Document/process	Certifying officers
Expenses forms	Line Managers
Order requisitions & initial invoice approval	Budget Holder (in some cases this means the Headteacher or Business Manager)
Orders & invoice approval	Headteacher or Business Manager
Service return	Business Manager or delegate
Petty cash, cheques	Business Manager /Finance Officer /Budget Holder
Payment signatories	As per school mandate
Business Card Payments	Approved card holders

Payments require two signatories up to a value £20,000 thereafter three signatories. If the payment value is over £50,000 a governor must countersign (director/accounting officer) in respect of the Trust.

In the event that there are business interests with family members, these must be stated on the register of business interests. Furthermore, a signatory must not approve a payment to a relative and related signatories must not be the sole approvers of payments.

2.3 FINANCIAL PLANNING AND MONITORING

BUDGETING

2.3.1 BUDGET SETTING & MONITORING TIMETABLE

Distribution	Report/s	Frequency
Chair of the board	Consolidated Financial Monitoring Report	Monthly
Board	Consolidated Financial Monitoring Report	Bi-monthly
	Report on financial & operational matters	Termly
	Final Budget Plan	Annually (submission to ESFA 30 July)
Audit & Risk Committee (Trust)	Statutory accounting returns	Audit Committee & Statutory bodies (submission to ESFA /Companies House 31 st December)
	Internal audit reports	As per internal audit timetable

Resources Committee (Trust)	Budget Forecast Outturn (BFRO) approval	Annually (submission to ESFA 21 st May)
	Final Budget Plan & 3 Year Budget Forecast (BFR3Y)	Annually (submission to ESFA 30 July)
	School Resource Management Self-Assessment (SRMSA)	Annually (submission to ESFA November)
	Significant variances in Financial Monitoring Reports	Termly
Head of Finance	Financial Monitoring Reports including budget variance reports, supporting narrative and outturn	Monthly (by 20 th of each month)
Local Governance Committee	Final Budget Plan & 3 Year Plan	Annually (by end May to meet ESFA submission deadlines)
Headteacher	Financial Monitoring Reports including budget variance reports, supporting narrative and outturn	Monthly
	Period End documentation including cash status, debtors and creditors	Monthly
	Bank Reconciliations	Monthly
Budget Holders	Cost Centre Reports	Termly

Any change in policy requires the approval of the Board or the Audit Committee if in line with their terms of reference.

2.3.2 BUDGETARY PLANNING AND CONTROL

ORGANISATIONAL STRUCTURE OF FINANCIAL RESPONSIBILITIES

Board: Receive and approve Trust budgets

Trust Executives: Recommend Trust budgets to the board

Local Governance Committee/Finance Committee: Review provisional budget

Headteacher & Business Manager: Prepare provisional budget

SLT/ Budget Holders: Input

School Staff: Input

THE BUDGET

The Budget planning process consists of four phases:

1. Planning
2. Budgeting
3. Monitoring
4. Review.

Careful planning ensures that monitoring of realistically determined budgets provide an accurate indicator of the School's economic health. Success in meeting the budget aims can only be achieved if care has been taken in determination of policies and expenditure is strictly controlled throughout the budget life span. A continuous review of the aims and priorities of the strategy should follow from monitoring and analysis of performance. Responsibility for control of budgetary affairs lies with all those involved in the process.

BUDGET PLANNING

The budget planning process is separated into distinct and manageable categories.

Bids are presented by budget managers (this may be the Headteacher in small schools) and collated by the Business Manager for review with the Headteacher and the Chief Operating Officer to create the budget. This provisional budget will, after review by the Local Governance Committee and the Headteacher, go forward as the suggested budget for authorisation to be submitted to the Board for approval and for the Chief Operating Officer to use in financial returns.

The Budget Managers will control expenditure in their category of the Final Budget. These operating budgets must be prepared within the context of the school development plan. A clear statement of the assumptions supporting the budget must be maintained by the Business Manager. This budget is based on department/cost centre expenditure plans rather than by nominal/ledger code income & expenditure reports.

Any substantial surplus (considered to be a surplus exceeding 12% of income) should be presented with a Surplus Management Plan in line with the Reserves Policy.

BUDGET CONTROL AND MONITORING

Budget Managers retain responsibility to the Headteacher for routine control and monitoring of their budget expenditure. Variations to predicted expenditure are investigated by the Business Manager and if significant, the Headteacher is informed.

REVIEW OF BUDGET

This process of budget review is continuous and close watch must be kept over actual against predicted expenditure. Detailed records of historical expenditure and any corrective action taken will be of great value in future planning. These reports and in particular the action taken on variances, are regularly reviewed by the Business Manager and Headteacher. Any further action taken must be clearly documented.

FINANCIAL RESPONSIBILITY

The Local Governance Committee may have delegated responsibility for routine control to a committee. The relevant committee will normally meet on a termly basis to review expenditure.

CONCLUSION

A realistic and achievable budget is fundamental to school planning. Budget planning and control requires decentralisation of responsibility, therefore budget holders responsible for expenditure with definable manageable areas help the Business Manager produce a consolidated budget. The provisional budget will be reviewed by the relevant committee and the Headteacher before going to the Local Governance Committee and the Board. The timescale for preparing and approving the budget must take into account the ESFA Business Cycle and requirements for statutory and financial returns.

2.3.3 FINANCIAL CALENDAR

The key dates for submissions to the ESFA and other statutory bodies are shown below:

Financial Calendar	Autumn Term	Spring Term	Summer Term
Filing Deadlines	30 th September Teachers' Pensions End of Year Certificate (audited)	19 th January Academies Accounts Return	6 th July P11D
	5 th November Land & Buildings Return	21 st May BFRO (Budget Forecast Return Outturn)	30 th July BFR (Budget Forecast Return)
	School Resource Management Self Assessment (SRMSA)	31 st May March Accounts Return (for new academies)	31 st August Corporation Tax Return
	31 st December audited Trustees Report & Financial Statements	31 st May Teachers' Pensions End of Year Certificate (unaudited)	
		31 st May Donations from Subsidiaries	
		31 st May Financial Statements to Companies House	
Audit Timetable	October Regularity & Financial Statements	January Academies Accounts	June TP Audit

2.3.4 KEY PERFORMANCE INDICATORS

The Trust has committed to completing the School Resource Management Self Assessment (SRMSA) and will use the KPIs in the SRMSA as its KPIs which will be reviewed regularly by each school.

<https://www.gov.uk/government/publications/school-resource-management-self-assessment-tool>

2.3.5 INVESTMENT POLICY

The purpose of the policy is to consider the management of the school's funds bearing in mind the responsibilities that come with the receipt of central government funding. This policy will be reviewed by the Audit Committee.

- To regularly monitor Cash Flow and current account balances to ensure immediate financial commitments can be met (payroll and payments runs) and that the current account has adequate balances to meet forthcoming commitments
- To maintain a working balance of between £50,000 and £300,000 depending on the requirements of the school. This excludes any requirements under the Reserves Policy
- To seek to avoid its current account going overdrawn
- To review periodically and at least annually interest rates and compare with other investment opportunities
- To act in accordance with their powers to invest as set out in the articles
- To exercise care and skill in all investment decisions, taking advice as appropriate from a professional advisor
- To ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation
- To ensure that all investment decisions are in the best interests of the Trust and command broad public support
- To review periodically and at least annually the academy's current policy to only invest funds in risk free and immediately accessible deposit accounts
- Refer to relevant guidance such as the Charity Commission's guidance: CC14 Charities and investment matters: A guide for Trustees.
- Obtain prior approval of the ESFA for investment decisions that are novel or contentious.

2.3.6 RESERVES POLICY

The governors of each school will review the level of their reserves annually. This review will encompass the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The agreed level of reserves and the assumptions on which it is based will be reviewed by governors and the total level of reserves kept under review by the board. The trust currently believes that reserves of the order of 8-13% of income are necessary to ensure schools are going concerns.

Income should be reviewed to establish whether there will be any downward pressure by looking at factors such as:

- Predicted changes in local birth rates
- Future changes in pupil numbers
- Three to five-year projection of income based on predicted student numbers

- Funding protections received by the school and the likely increases/decreases in these protections: Minimum Funding Guarantee, Sixth Form Transitional Protection and ESG protection, Changes in levels of Pupil Premium

Expenditure projections should take into consideration:

- Contingencies depending on the stage of development of the school
- Reasonable cost increase projections
- Working reserve of 3 months of salary costs
- Major projects
- An externally or internally commissioned condition survey of the site to identify the life span of major assets not covered by annual maintenance budgets such as boilers, kitchens, science laboratories, and multi-use games areas.

2.4 SPENDING

2.4.1 PROCUREMENT AND LIABILITIES POLICY

The aim of the procurement and liabilities policy is to ensure best value in purchasing decisions.

BORROWING

In line with funding agreements, academy Trusts must seek the ESFA's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable. Credit or business cards must only be used for business (not personal) expenditure, and balances cleared before interest accrues.

LIABILITIES

Before accepting any liabilities by:

- issuing specific guarantees, or
- providing a letter of comfort, or
- providing indemnities.

The Trust should secure value for money by appraising the proposal through an assessment of the costs and benefits of relevant options. The Trust must ensure that the value of any liability is within its delegated authority to commit.

OUTRIGHT PURCHASES

- It is the Headteacher's responsibility to ensure that all those who spend public funds on behalf of the school are aware of the importance of obtaining best value for money
- The Governors shall set limits to budget heads of spending, and the Headteacher shall have authority to spend funds within but not in excess of the budget heads set

- The Headteacher shall wherever possible seek at least two estimates from different suppliers before purchasing any single item in excess of £5,000
- The Headteacher shall wherever possible seek at least three estimates from different suppliers before purchasing any single item in excess of £10,000
- The Headteacher shall invite tenders, and wherever possible shall accept the lowest, for any contract for goods or services in excess of an annual total of £50,000 or cumulative total of £100,000. If other than the lowest is to be accepted, the Headteacher shall first consult with the Trust Executive.

METHOD OF PURCHASE

Wherever possible a formal Purchase Order (PO) should be raised for any goods or services procured by the Trust as receiving an invoice without a purchase order being placed could mean purchasing has been done without proper procurement planning. However, there are situations where it is recognised that the raising of a Purchase Order is not suitable and/or not possible. The table below shows the occasions where the Trust would not expect a PO to be raised and the alternative paperwork required to ensure an adequate audit trail.

Type of purchase	Contract paperwork/audit trail
Business Card Purchases	Business Card Policy must be adhered to and approval form signed before use.
Capital Items	Report on tender required with formal written acceptance of the tender. Smaller works should have three quotes and formal written acceptance of the successful quotation.
Contracts	Signed tender or contract must be held on file. Contract must be entered on the Contract Register.
Direct debits	Signed direct debit forms to be held on file.
Emergency Call Outs (including agency supply cover)	Invoice to be signed after the event but value for money to be considered.
Instalments	See Capital Items.
Manual requisition/online bookings	Order requisition to be completed prior to event and supporting paperwork to be attached.
Rates	See Direct Debit.
SLAs	See Subscription.
Subscriptions (includes tablet Apps and licences)	Order requisition form to be signed and online subscription order form to be attached.
Training courses	Order requisition form or training requisition form to be signed and online order/email to be attached.

2.4.2 BUSINESS CARD POLICY

INTRODUCTION

It is recognised that there are many occasions when schools are required to make direct payment for goods through internet/telephone services to companies that offer value for money. There

are also companies who will not accept a school order and wait to be paid after the goods or services are supplied. In addition, there are incidences where regular small item purchases are required but the value of the purchases would exceed the school petty cash limit. Each school's Local Governance Committee can therefore authorise the use of business cards.

The primary method of payment remains invoicing and this will generally be used in preference to business card purchases where such is offered by the supplier. Where possible the finance office will seek to establish trade accounts with local suppliers.

The Trust considers the following as the types of expenditure suitable for the use of the Business Cards:

- Travel bookings
- Food orders for curriculum or hospitality requirements
- Online retailers such as Amazon
- Training courses
- Subscriptions/Applications/Licences.

Purchases using the Business Card must be pre authorised using the individual school's pre authorisation procedures. The operation of business cards has been delegated to the school's Business Manager or Trust's Head of Finance in respect of Trust Business Cards.

- Business Cards are issued by the designated bank for the Trust
- Business card balances are repaid monthly in full, by direct debit
- The approved business limits for the Trust are as follows:

Business card limits	Primary	Secondary
Overall limit	15,000	30,000
Maximum for any one card	5,000	10,000

- The Trust bank will not issue generic business cards; they must be issued to named individuals and each card will have its own business limit
- The business cards shall not be used for personal expenditure in any circumstances
- Cash withdrawals are not allowed
- Supporting receipts and transaction details will be maintained for all uses of the business cards and authorised in accordance with the usual procurement procedures of the academy
- Transactions are entered as soon as possible onto the finance system and reconciled monthly in accordance with academy procedures. Balances must be cleared before interest accrues

- All items ordered (telephone or internet) and related paperwork must be delivered to the school address
- The cardholder shall authorise the school to recover the cost of any unauthorised transactions and where reimbursement is not received, then the school is authorised to make a salary deduction for the unauthorised amount
- Responsibility for the use and operation of the business card is explained and agreed by the card holder by completing the cardholder consent form.

2.4.3 CASH SECURITY POLICY

The purpose of this policy is to set out controls which will help ensure the security of cash on school premises and the transportation of cash from school to the bank.

The Headteacher is responsible to the Local Governance Committee for the safe custody and control of cash belonging to the school. This may be delegated on a day-to-day basis to the finance/business manager.

CASH HELD ON THE PREMISES

- The Trust's policy is that schools should be working towards becoming cashless. If schools are unable to become cashless the following procedure should apply
- The school should hold a small balance of petty cash on the premises (to be identified by school), which is locked in a secure location with restricted key holder access. The named key holders should be held on a register provided by each school to the Trust. The petty cash should be reconciled on a monthly basis as part of the month end accounting procedures, and declared at year end as part of the audited accounts. The petty cash reconciliation should be a written process which includes the amount of each denomination of notes and coins held. The document should be balanced on a monthly basis against the PS Financials accounting system and signed by the Headteacher as part of the month end documents
- For those schools that have Childrens' Centres, a small proportion of petty cash can be held (to be identified by school) which must be securely stored with limited key holder access. The named key holders should be identified in Annex A. The Children's Centre petty cash usage should be recorded by the Children's Centre Manager, and provided to the Finance/Business Manager along with appropriate receipts. The total of the children's centre petty cash claim is then re-issued to the centre so that they have a rolling balance of petty cash available
- Other cash held on the premises is more ad hoc in nature: it may include, for example, any funds from the sale of second hand uniform; and any donations from external organisations. These funds are recorded as part of the School Fund accounting processes, and stored securely in the school safe prior to collection for transfer or delivery to the bank
- Money should be stored in a safe. The safe should be kept locked at all times and accessed

via a security code or key which is known only/accessed only by the individuals identified on the school register. This should also identify any school specific procedures.

CASH COLLECTION AND SECURE TRANSFER:

- Any funds for the school's main bank account or for the unofficial School Fund account are transferred (please record on the school register any school specific procedures). Funds are appropriately prepared for collection, paying-in slips are completed and details of the cash are recorded by the school's Finance Assistant in either the main school account income file; or in the School Fund files depending on the purpose of the cash collected. These records are then used to reconcile the school bank statements each month
- The school specific procedures relating to the management of any dinner money received by the school in cash should be noted on the school register
- Very occasionally it is necessary to withdraw cash from the school's main bank account to increase the petty cash balances held in school. On these occasions, the school will utilise its Open Credit Facility with Lloyds Bank. The facility enables named individuals to withdraw a limited amount of cash on production of a cheque signed by two authorised bank signatories. The named individuals who are authorised to collect the cash are not the bank signatories. The limit of withdrawals should be record on the school register. Any funds collected must be immediately returned and checked according to local procedures where they are checked, recorded and locked in the petty cash box. The cheque for the cash is immediately entered on to the system as a petty cash transaction and a copy of the cheque is retained on file.

SECURITY OF ANY STAFF CASH ON SITE:

- Members of staff are encouraged not to leave handbags or other valuables unattended. Where lockers are made available for staff use, these should be used
- Visitors and contractors sign the Visitors Book and wear Visitor badges whilst on the premises. The identity of all visitors is checked.

2.4.4 CHARGING AND REMISSIONS POLICY

The charging and remissions policies adopted by the Trust ensures that statutory requirements are met and is intended to reflect the general principles of the 1996 Act which identifies activities for which:

- 1) Charges will not be made
- 2) Charges will be made
- 3) Charges may be waived.

VOLUNTARY CONTRIBUTIONS

The school will seek voluntary contributions for any activity in order to benefit the school or support a school activity whether during or outside school hours, residential or non-residential and including inviting parents to pay for materials or ingredients where they wish to own the finished product. However, all requests for voluntary contributions will emphasise their voluntary nature and the fact that pupils of parents who do not make such contributions will be treated no differently from those who have. Such contributions must be genuinely voluntary.

There is no limit to the level of voluntary contributions which parents or others can make to school activities, nor is there any restriction placed on the use which can be made of such contributions, provided they are used for the purpose specified in the request for them. They could, for example, be used to subsidise pupils from low-income families, or the cost of travel for accompanying teachers. The Law says that if the activity cannot be funded without voluntary contributions the parents will be notified of this from the outset.

No child will be excluded from an activity because the parents are unable to pay. If insufficient contributions are raised the trip or activity may have to be cancelled. If a parent is unwilling or unable to pay their child will be given an equal chance to go on the visit.

EDUCATION PROVIDED WITHIN SCHOOL HOURS

Education provided by any maintained school for its registered pupils should be free of charge if it takes place wholly or mainly during school hours, school hours being those hours when a school is actually in session and not including the break in the middle of the day. This means that neither the pupil nor his or her parents or guardian may be required to pay for, or to supply, any materials, books, instruments or other equipment for use in connection with education provided during school hours.

EDUCATION PROVIDED OUT OF SCHOOL HOURS

Where education is provided out of school hours, charging is permitted, except where the education is provided:

- To fulfil any requirements specified in the syllabus for a prescribed Public examination;
or
- Specifically to fulfil statutory duties relating to the National Curriculum;
- To fulfil duties relating to Religious Education.

In these cases, the only charge that may be made is for board and lodging or for residential trips.

IS AN ACTIVITY IN OR OUT OF SCHOOL TIME?

If the number of school sessions on a residential trip is equal to or greater than 50% of the number of half days spent on a trip it is deemed to have taken place during school hours (even if some of

the activities take place in the evening). Whatever the length of the school day, regulations require that the school day is divided into 2 sessions. A 'half day' in this context means any period of 12 hours ending with noon or midnight on any day.

A statutory minimum is the complete remission of board and lodging charges to pupils whose parents receive Income Support, Child Tax Credit, Income Based Job Seekers Allowance and support under part of Immigration and Asylum Act 1999 but not Working Tax Credit even if it is paid with other benefits e.g. Child Tax Credit. If the activity is deemed to take place during school hours, or is out of school hours but is covered by the criteria set out above, the Local Governance Committee may not charge for anything unless it has drawn up a statement of general policy on charging.

MUSIC TUITION

The main exception to the principle of free education, which the law allows is that a charge may be made in respect of individual tuition in playing any musical instrument, even if such tuition takes place during school hours. Parental agreement must be obtained before a pupil is given that tuition.

ACTIVITIES RUN BY A THIRD PARTY

The Act permits an organisation other than the Local Governance Committee to levy a charge directly on parents for activities organised in school hours by a non-school organisation. The school will not be involved in collection of charges on behalf of the third party organisation. Where pupils are granted leave of absence to attend these activities it would be for parents and any staff members similarly released to satisfy themselves about the adequacy of the arrangements made by the third party to secure the safety and welfare of the children.

CHARGING POLICY

If a charge is made for each pupil it should not exceed the actual cost. If further funds are needed for additional costs e.g. to help hardship cases this must be by voluntary contributions or general fund raising. The permitted charge may include an allowance for the costs of teachers from the school who supervise the activity.

BOARD AND LODGING ON RESIDENTIAL VISITS

Board & lodging on residential visits may be charged for whether or not the visit takes place within school time and whether or not the activity is provided to fulfil the requirements of the syllabus of a prescribed public examination; or of the National Curriculum; or to fulfil statutory duties relating to religious education.

Charges for board and lodging must not exceed the actual cost to the pupil. They must not, for example, include any element representing a share of the costs of staff accompanying the visit. (This may, however, be covered by voluntary contributions.) Governors will, as a statutory minimum, remit any charges for board and lodging in the case of pupils whose parents are in receipt of Income Support or Child Tax Credit etc. where the activity is deemed to take place in

school hours. Where the activity is out of hours, please refer to 'Education provided out of hours', page 23. Governors may wish to consider whether to remit charges in other circumstances.

'OPTIONAL EXTRA' ACTIVITIES

'Optional extra' activities are those which take place wholly or mainly outside school hours, but which are not provided as part of the syllabus for a prescribed public examination and are not required in order to fulfil statutory duties relating to the national curriculum or to religious education.

Participation will be on the basis of parental choice and a willingness to meet such charges as are made. Any charge made in respect of individual pupils may include an appropriate element for the following: a pupil's travel costs; a pupil's board and lodging; materials, books, instruments and other equipment; non-teaching staff costs; entrance fees to museums, theatres etc.; insurance costs.

It should be noted that any charge for an 'optional extra' activity, as distinct from a request for a voluntary contribution, should not exceed the actual cost of providing that activity, divided equally by the number of pupils willing to participate. It may not, therefore, include an element of subsidy for any other pupils wishing to participate in the activity whose parents are unwilling or unable to pay the full charge.

The costs of teaching staff involved in optional extra activities may only be passed on through charges if:

- They are engaged specifically by the governors for the purpose of providing the activity;
- They are employed by the governors to provide instrumental music tuition; or
- They are teachers already employed by the governors, who have been engaged on a
- Separate contract for services to provide the optional extra.

VAT AND SCHOOL JOURNEYS

To enable schools to reclaim VAT on school journeys the visit should be part of the curriculum and the school should have purchased all elements, apart from accommodation directly and not via a travel/tour operator.

PUBLIC EXAMINATION ENTRIES

The Local Governance Committee is required to enter a pupil for each examination in a syllabus for a prescribed public examination for which the pupil has been prepared. A pupil is regarded as having been prepared for the syllabus at the school if the school has provided any part of the necessary preparation. The requirement to enter a pupil may only be lifted where, in the opinion of the Local Governance Committee, there are educational reasons for not entering the pupil, or where the pupil's parents request in writing that the pupil should not be entered.

If a pupil fails, without good reason, to complete the examination requirements for any public examination for which the Local Governance Committee has paid or is liable to pay an entry fee, that fee can be recovered from parents.

SCHOOL MINIBUSES OR TRANSPORT PROVIDED BY THE LA

Any transport provided in school hours by the LA or the school to carry particular pupils between parts of the school's premises or between the school and any other place where education is to be provided by the LA or the school must be provided free of charge. However, if a pupil makes use of transport not provided by the LA or school to travel direct from home to an activity sanctioned, though not provided by the LA or the school, then parents may be asked to meet the cost of such travel. An example of this would be travel direct from home to work experience and vice versa.

CHARGING IN KIND

The cost of ingredients, materials, equipment etc. needed for practical subjects such as craft or food technology, must be budgeted for and borne by the school. Parents who are willing to contribute in cash or kind can however be encouraged to do so on a voluntary basis. The school may charge for, or require the supply of, ingredients and materials if parents have indicated in advance a wish to own the finished product, if there is one. Schools should obtain written confirmation from parents that they wish to supply or pay for materials on this basis.

Pupils must not be treated differently according to whether or not materials are being provided by their parents. The governors' charging policy should make their policy on this clear. It should be recognised that much of the practical work in craft or food technology is of an investigative nature and will not necessarily result in a "finished product", however this is an essential part of the learning process.

BREAKAGES AND FINES

There is nothing to prevent schools from asking parents to pay for the cost of replacing a broken window or defaced, damaged or lost textbook where this is the result of a pupil's behaviour. Parents cannot, however, be taken to court for this money.

2.4.5 BUSINESS TRAVEL POLICY

PURPOSE

To safeguard operational requirements and ensure compliance with insurance and other policies in relation to Business Travel. This does not relate to pupil or staff educational trips and visits but travel on behalf of the school for business such as recruitment related travel.

APPROVAL FOR TRAVEL

Staff must request written approval from the Headteacher to travel. In respect of the Headteacher (Chief Executive Officer) approval is required from the Business Manager (Chief Operating Officer) provided the total cost is less than £1000 and such travel is within budget. If such travel is likely

to exceed £1000 and/or exceeds budgetary limits approval of the Chair of Governors (Chair of the Trust) should be sought. Where practical, approval should be obtained at least four weeks before the proposed date of departure and before booking tickets, accommodation, conference places etc. Travel time should not exceed one day to Europe, and two days for more distant destinations.

An application form (see Appendix) is to be submitted, explaining the objectives of the trip; any staffing cover or adjustments needed; and a proposed itinerary.

Teaching staff must ensure that commitments to students and other school activities are maintained, travel should be conducted outside of term time where possible. Exceptions should be requested in the application for approval.

A Health and Safety Risk assessment and Insurance check also forms part of the approval process. If staff are representing the school overseas and the school will not incur any costs, approval must still be obtained.

CLASS OF TRAVEL

All travel will be funded at economy class level although comparison with business class for the total package can be made. Exceptions to this may be funded by schools/budget holders for specific school purposes or to meet specific school member needs, e.g. work or health requirements, on a case-by-case basis. All travel arrangements are to be booked through the finance team. If using their own transport staff are advised to have personal cover for business travel.

SUBSISTENCE

Where staff face subsistence costs that exceed that they would normally face, the Trust will refund reasonable subsistence claims provided expenditure is receipted. Subsistence claims should not exceed the HMRC scale rates, as follows:

Description	Amount (up to)
Breakfast rate	£5
One meal (5 hour) rate	£5
Two meal (10 hour) rate	£10
Late evening meal rate	£15

Please refer to the HMRC guidance on eligible claims:

<https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim05231>

In the event that staff are travelling outside the UK, please refer to the relevant HMRC scale rates:

<https://www.gov.uk/government/publications/scale-rate-expenses-payments-employee-travelling-outside-the-uk>

Alcoholic beverages will not be refunded. Staff should use their discretion about hospitality expenses, balancing need against cost and obtaining clearance in advance where possible.

FINANCE

The cost of vaccinations and related medication e.g. malaria tablets will be reimbursed by upon presentation of receipts. All expenses must be receipted and submitted within four weeks of return to the UK.

TIME OFF IN LIEU & ANNUAL LEAVE

In exceptional circumstances, staff may be entitled to lieu days or financial compensation at the discretion of the Headteacher.

BOOKING

All overseas travel including hotels for the school related travel should be booked through the finance team. This is to ensure best value and access to travel advice and support.

INSURANCE

The Trust insurance covers national & overseas travel but we may need to inform insurers of the proposed travel plans and therefore the Business Manager must have a copy of the travel application. Emergency contact details will be provided for use in the event of any problems arising while abroad.

HEALTH AND SAFETY

Staff will adhere to the school's Health and Safety Policy relating to Overseas Travel including:

- A risk assessment carried out by the H&S Officer
- Submitting an itinerary
- Registering with the Foreign and Commonwealth Office's Locate where relevant
- Supplying emergency contact details
- Ensuring that they are current with any vaccinations and other relevant medication e.g. malaria tablets.

See Appendix 1 – Application to Travel on Trust Business, page 49.

2.4.6 FINANCIAL SUPPORT POLICY

INTRODUCTION

The school recognises that education places financial demands on parents and there are some occasions when parents/carers will find it hard to meet these demands. Although funds are very limited the school would like to support parents/families where possible. We realise that it is hard for parents/carers to ask for financial support but funds are very limited so the school will have to apply certain criteria in deciding whether or not support can be given.

CRITERIA

Consideration will be given to students whose parents/carers are:

- Eligible for Free School Meals
- In receipt of Employment Support Allowance
- In receipt of Disability Living Allowance
- Experiencing temporary situations which are causing difficulty, for example caused by recent job loss, bereavement or other serious and unforeseen circumstances

Priority will be given to parents/carers who have not already been supported by this policy.

QUALIFYING RESOURCES

Application for financial support will be considered for:

- Obligatory items of school uniform
- Costs of educational visits that are integral to the curriculum
- Educational equipment e.g. text books

MAKING AN APPLICATION

Applications are made according to school practice. This can be completed by the parent/carer or a member of staff in their place. Evidence should be provided to support the eligibility criteria. Any information provided will be kept in the strictest confidence.

NOTIFICATION

If support is agreed, the parent/carer and the Finance Office must be notified.

2.4.7 16-19 BURSARY FUND POLICY

The 16-19 Bursary Fund is different from the Educational Maintenance Allowance that ceased on 1 January 2011.

BURSARY FUND

The purpose of the 16-19 Bursary Fund is to support students who face significant barriers to participating in education and will target funds to help the students in greatest need.

DISCRETIONARY FUND

Students who are not eligible for the Bursary Fund can apply to the Discretionary Fund for course specific educational visits and residential trips, educational materials such as books & equipment, examination resit fees, university application (UCAS) fees, and transport costs if an Oyster card is not available. Eligibility will be determined via formal application and will provide for students who are not covered by the Bursary Fund. Priority will be given to those whose current household income is no more than £30,500.

APPLICATION PROCESS AND PAYMENTS

All applications are to be made to Sixth Form Office, along with the required evidence. Applicants will be advised in writing of the outcome and applications will be considered throughout the year subject to funds being available. All eligible payments will be subject to the conditions laid down in the Sixth-Form Contract and will be attendance-related. All payments will be made directly into the student's nominated account. All personal information, including bank details and household earnings, will be stored securely and will remain strictly confidential.

2.4.8 EXECUTIVE PAY

The board aims to ensure that its approach to pay is transparent, proportionate and justifiable, including the following:

- Process - that the procedure for determining executive pay is agreed by the board in advance and documented
- Independence - decisions about executive pay reflect independent and objective scrutiny by the board and that conflicts of interest are avoided
- Decision-making - factors in determining pay are clear, including whether performance considerations, and the degree of challenge in the role, have been taken into account
- Proportionality – pay is defensible relative to the public sector market
- Documentation - the rationale behind the decision-making process, including whether the level of pay reflects value for money, is recorded and retained
- A basic presumption that non-teaching pay should not increase at a faster rate than that of teachers, in individual years and over the longer term
- Understanding that inappropriate pay can be challenged by ESFA, particularly in any instance of poor financial management of the Trust.

To ensure this, the Trust has performance management/appraisal policies, pay and agreed pay ranges policies in place. These are approved and monitored by the Trust's Resources Committee and local implementation monitored by the relevant school committees. Information regarding executive pay will be published in line with the Academies Financial Handbook and Academies Accounts Direction.

2.5 INCOME GENERATION

2.5.1 LETTINGS POLICY

INTRODUCTION

The Trust has agreed to supplement school budgets by encouraging the letting of the school premises where possible, provided that any letting must not be detrimental to the school or its pupils.

GUIDELINES

- All lettings will be at the discretion of the Local Governance Committee or its representatives, who may refuse lettings if they consider it in the interests of the school to do so
- Lettings after midnight will not generally be permitted
- All hirers must comply with the regulations set out on the application form
- All hirers must be aged over eighteen
- All hirers must secure insurance cover for the letting, including for public liability
- All school buildings and associated premises are non-smoking areas
- The school is not responsible for any loss of or damage to vehicles parked on its premises, or their contents
- The school playing fields will not be let unless in a suitable condition to be used
- Details of current lettings charges are available from the school office.

SAFEGUARDING

The school is committed to safeguarding and promoting the welfare of children and young people and expects hirers and their representatives to share this commitment. The Trust requires that for all hirings involving groups working with children, appropriate level of disclosure has been obtained from the DBS for individuals working on the school premises.

CHARGES

- All charges will be subject to periodic review by the Local Governance Committee. The minimum increase will be in line with inflation
- The calculation of charges will include consideration of the real costs of heat, light sewerage and water, and the cost of caretaking for the event
- Lettings to charitable and community groups will be considered at cost only
- Other charges are agreed by the Local Governance Committee and may include an element for profit above actual costs.

THE APPLICATION PROCESS

The hirer completes the application form, which sets out the time and date of the proposed hiring and the precise definition of the premises and facilities to be hired, including changing rooms for sporting events, lavatories and kitchens. Please see below maximum permitted numbers.

The application is considered by the Finance Committee, or Headteacher's PA, Headteacher or Business Manager on its behalf and a decision is made whether to permit the hire.

The caretaker is informed. If the caretaker is not able to service the hiring, a key holder will be identified, who will receive payment at the same rate as the caretaker.

Confirmation is returned to the applicant with the terms of the hire, including insurance requirements, on the reverse of the form. An invoice is raised on the finance system.

CAPACITY

The number of people permitted to attend an event will depend on the nature of the activity. This guidance reflects that given by Fire Prevention Officers for halls used for assembly functions. If the event has dancing and there are no chairs or tables set out, one person per 6 square feet (0.55 square metres). For a seated audience, one person per 6 square feet (0.55 sq. metres). If the event has dancing and chairs or tables are set out, one person per 8 square feet. Where people are seated at tables (restaurant-style), one person per 10 square feet (0.92 sq. metres).

2.5.2 CONSULTANCY INCOME POLICY

PURPOSE

The purpose is to consider the treatment of income coming into the Trust under the heading of consultancy income in terms of whether it should be considered consultancy income or should be treated as reducing costs, whether the income is business or non-business and whether its further use should be restricted or unrestricted. Such judgement will take into account the initial funding for the activity.

BACKGROUND

Considerable income can be created, particularly in a multi-academy Trust, because of the following:

- Sharing experienced staff or providing school to school support:
 - in order to benefit from economies of scale
 - because of their existing knowledge of the Trust operations and its objectives
 - because there are established working relationships with the Trust's senior management team
 - because there are known quality of outcomes
 - for school improvement support
- Trading subsidiary:
 - to manage services provided by a Trust (school to school support, nurseries, sports facilities)
- Shared services:
 - with local authorities or strategic partners which offer reduced costs through economies of scale or benefits as described above
 - MAT central services functions
 - school improvement support.

TREATMENT OF INCOME

Long term 100% seconded staff within the Trust for whom we are charging salary cost only:

- Preferably, if intercompany, staff to move to new school's payroll
- Receipt is considered non business as it is solely a refund of salary costs

- Salary costs to be credited in the provider school and show in receiving school
- Receipt is restricted as initially wholly funded from GAG.

Staff delivering a part time professional service within the Trust (such as IT, Finance, EAL, SEN or music services):

- Income is considered non business for teaching staff and will be charged at a day rate to cover all salary and service costs
- Income is considered business for non-teaching staff (VAT must be charged if outside the Trust) and will be charged at a day rate to cover all salary and service costs
- Salary costs will continue to show in the provider school
- Cost to show as a professional services cost in the receiving school
- Income is consultancy income as is provided in addition to their school role
- Income is unrestricted.

Trust centrally funded services within the SLA:

- Receipt is considered non business for all staff
- Salary costs to continue show in the provider school and as a professional services cost in the receiving school
- Salary costs to be credited in the provider school and show in the BET against same salary codes
- Receipt is restricted as initially wholly funded from GAG.

Centrally funded staff providing a costed service in excess of the SLA:

- Income is professional services income
- Income is unrestricted.

Professional services charged at a day rate outside the Trust:

- Income is considered non business for teaching staff and will be charged at a day rate to cover all salary and service costs
- Income is considered business for non-teaching staff (VAT must be charged if outside the Trust) and will be charged at a day rate to cover all salary and service costs
- Income is consultancy income
- Income is unrestricted.

Mentor income (e.g. trainee teachers):

- Income is professional services income.

Seconded staff outside the Trust:

- Invoice raised for professional services income
- Income is unrestricted.

Please refer to Treatment of Consultancy Income Procedure.

LEGAL AND REGULATORY FACTORS

The Trust must take precautions to avoid conflicts of interest, or the perception of conflicts, involving committee or board members. Any decision on the treatment of income should be considered in conjunction with the Trading with Connected Parties Policy.

2.6 RISK MANAGEMENT

2.6.1 RISK MANAGEMENT

Please refer to the following:

- Risk Management Policy (Trust)
- Board Assurance Framework (Risk Register) (Trust)
- Health & Safety Policy (Trust)
- Disaster Recovery Plan/Business Continuity Plan (Individual Schools).

2.6.2 INSURANCE

The Trust has adequate insurance in place. For the year 2017-2018 the Trust was a member of the Risk Protection Arrangement. With effect from 1st September 2018 the Trust has been insured by Zurich on 3 year long term agreement; this agreement ends 31st August 2021. This decision has been made on commercial grounds and includes insurance for building & contents, business continuity, employers' and public liability and other covers as required.

2.7 WHISTLEBLOWING

The Trust has appropriate procedures in place for whistleblowing, making sure all staff are aware of the process and how concerns will be managed. The Trust will ensure that all concerns raised with them by whistleblowers are responded to properly and fairly. Please refer to the following:

- Whistleblowing Policy (Trust)
https://bournetrust.s3.amazonaws.com/uploads/key_information/Whistleblowing-Policy-update-2020.pdf?t=1598796993
- ESFA procedures for dealing with complaints about academies
<https://www.gov.uk/government/organisations/education-and-skills-funding-agency/about/complaints-procedure>

2.8. ANNUAL ACCOUNTS

The academy Trust maintains adequate accounting records and prepares an annual report and accounts in line with the Charity Commission's Statement of Recommended Practice (SORP) and ESFA's Accounts Direction. Please see section 2.3.3 for deadlines.

2.9 INTERNAL SCRUTINY

The Trust has a process for checking its financial systems, controls, transactions and risks.

2.9.1 AUDIT COMMITTEES

The academy Trust has established a committee, appointed by the board of Trustees, to provide assurance to the board over the suitability of, and compliance with, its financial systems and operational controls, and to ensure that risks are being adequately identified and managed.

2.9.2 INTERNAL AUDIT

With effect from 1st September 2018 and for a minimum period of three years the Trust has appointed an independent firm of auditors to carry out a supplementary programme of work.

2.10 TRANSPARENCY

The Trust provides details of its governance arrangements as follows:

- In the annual accounts in the governance statement
- On the Trust website.

See section 1.

PART 3

3. DELEGATED AUTHORITIES

3.1 AUTONOMY AND APPROVAL

The Trust will comply with the requirements of the Academies Financial Handbook in respect of:

- Special payments – compensation
- Special payments – ex gratia
- Writing off debts and losses
- Guarantees, letters of comfort and indemnities
- Acquisition or disposal of a freehold of land and buildings
- Disposal of heritage assets
- Taking up or granting a leasehold on land and buildings
- Gifts by the Trust.

3.2 SPECIAL PAYMENTS & TRANSACTIONS POLICY

Special payments are transactions that fall outside the Trust’s planned range of activities. They are non-statutory or non-contractual and so are subject to greater control than other payments. They include:

- Staff severance payments
- Compensation payments
- Ex gratia payments
- Novel, contentious and/or repercussive transactions.

SPECIAL STAFF SEVERANCE PAYMENTS

Special staff severance payments are paid to employees outside of normal statutory or contractual requirements when leaving employment in public service whether they resign, are dismissed or reach an agreed termination of contract. They are different to ex gratia payments.

If a school in the Trust is considering making a staff severance payment above the statutory or contractual entitlements, it must consider the following issues:

- whether the directors will reasonably consider the proposed payment to be in the interests of the Trust
- whether such a payment is justified, based on a legal assessment of the chances of the Trust successfully defending the case at employment tribunal. If there is a significant prospect of losing the case then a settlement may be justified, especially if the costs

- incurred in maintaining a defence are likely to be high. Where a legal assessment suggests that the Trust is likely to be successful, then a settlement should not be offered
- if the settlement is justified, the Trust would then need to consider the level of settlement

Staff severance payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to be successful in an employment tribunal claim because of employment law procedural errors. In the case of poor performance, an acceptable comparison would be the time and cost of taking someone through performance management and capability procedures.

The table below shows the delegated authority the Trust has to approve individual staff severance payments (value before income tax and other deductions).

Statutory/contractual payment		Non-statutory/noncontractual payment	ESFA / HM Treasury prior approval required?
£30,000	+	£30,000	No
£60,000	+	£30,000	No
£30,000	+	£50,000	Yes - for £50,000

Schools within the Trust should demonstrate value for money by applying the same level of scrutiny to a payment under £50,000 as if it were over the £50,000 delegation, using the ESFA's disclosure guidance.

COMPENSATION PAYMENTS

Compensation payments are made to provide redress for loss or injury. If a school within the Trust is considering making a compensation payment it must base its decision on a careful appraisal of the facts, including legal advice where relevant, and ensure that value for money will be achieved.

EX GRATIA PAYMENTS

Ex gratia payments (for example payments to meet hardship or to avoid legal action <https://www.gov.uk/government/publications/managing-public-money>) are another type of transaction that go beyond statutory or contractual cover, or administrative rules. Statutory and contractual payments made to staff in accordance with the Trust's pay and conditions policy would not be ex gratia. Ex gratia transactions must always be referred to ESFA for prior authorisation.

NOVEL, CONTENTIOUS AND/OR REPURCUSSIVE PAYMENTS/TRANSACTIONS

Novel payments are those of which the academy Trust has no experience, or are outside the range of normal business activity for the Trust. Contentious transactions are those which might give rise

to criticism of the Trust. Repercussive transactions are those which are likely to cause pressure on other Trusts to take a similar approach and hence have wider financial implications. Novel and/or contentious and/or repercussive payments/ transactions must always be referred to ESFA for explicit prior authorisation. Schools should discuss all special payments with the Chief Operating Officer.

3.3 WRITE OFF (DEBT RECOVERY) POLICY

OVERVIEW

In accordance with the Schools Funding Agreement, the Academy Trust is required to apply financial and other controls which conform to the requirements of both propriety and good financial management. To this end the Trust and Local Governance Committees are responsible for ensuring that procedures are in place for the recovery of any outstanding debt. This policy sets out the procedures for debt recovery and for the write-off of any debt which is deemed irrecoverable.

In principle:

- The Trust should always pursue recovery of amounts owed to it, overpayments, or payments made in error, irrespective of how they came to be made. In practice, however, there will be both practical and legal limits to how cases should be handled
- The Trust should only consider writing-off losses after careful appraisal of the facts, including whether all reasonable action has been taken to effect recovery from the debtor, the Trust's insurers, or the risk protection arrangements, and should be satisfied that there is no feasible alternative
- The amounts for write-offs are before any successful claims from an insurer or the risk protection arrangements.

RECOGNITION OF DEBTORS

A debt is recognised when a sales invoice or credit note request has been issued. It is not deemed to be the non-payment for school meals which will be dealt with through the financial hardship processes. Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. If this is not possible, a debtor's account will be opened. All debts will be recorded and VAT will be charged accordingly. The Aged Debtors account must be reviewed as part of the month end routines and the list signed by the finance team to acknowledge that it has been reviewed.

BAD DEBTS

Non-payment of debts will be followed up by issuing reminders at the following intervals:

- 4 weeks from date of account – first reminder
- 8 weeks from date of account – second reminder

- 10 weeks from date of account – final reminder.

If, after 10 weeks from the date of account, the account has still not been settled, legal action will be considered by the school. If considered appropriate and legal action is to be pursued, the debtor will be informed in writing. The debtor is informed that they will be liable for costs and that the debt will be subject to statutory interest from the day it became due.

If legal action is not pursued, or has been unsuccessful, individual irrecoverable debts may be written off in accordance with the following procedures:

- All schools to keep a record of write-offs
- Debts relating up to a value of £100 per transaction or a cumulative value of less than £500 can be written off by the local Business Manager
- Debts above £100 and less than £3,000 per transaction or a cumulative value of less than £12,000 may be written off by the Head of Finance
- The Audit Committee will be informed of all debt write offs and must approve debt write offs over £3,000 or cumulative values over £12,000
- The Trust will retain a Bad Debt write-off summary
- ESFA approval will be applied for if any debt write-off falls into categories outlined in the Academies Financial Handbook.

Disclosures to be in line with the Academies Financial Handbook.

3.4 ACQUISITION AND DISPOSAL OF ASSETS POLICY

The directors of the Bourne Education Trust recognise that, in addition to staff, the following are valuable assets of the school: (a) Land; (b) Buildings;

The Trust will seek and obtain prior written approval from ESFA for the following transactions:

- Acquiring a freehold of land or buildings
- Disposing of a freehold of land or buildings
- Disposing of heritage assets beyond any limits set out in the Trust’s funding agreement in respect of the disposal of assets generally.

For the purpose of the disposal policy, ‘assets’ shall be fittings, furniture, equipment, apparatus, books and other materials originally purchased for the purpose of running the school and having an original individual value of £250 or more (please Capitalisation & Depreciation Policy for capitalisation values).

It shall be the responsibility of the appropriate Head of Department or Budget Manager to identify any such assets which are surplus to requirements. The Head of Department or Budget Holder

shall identify surplus assets to the school Business Manager who upon endorsing the identification shall recommend disposal to the Headteacher.

An asset with a carrying amount (Cost less Accumulated Depreciation) above £1,000 must be approved by the relevant committee.

Where possible surplus assets shall be sold in a safe and environmentally friendly manner, the best possible price being sought, and the destination of surplus assets shall be noted in the assets register kept by the school. Equipment is not normally disposed of to staff because it is difficult to provide evidence that the School obtained value for money in the sale or scrapping of the equipment. If computer equipment is disposed of, licences for software programmes must be legally transferred to the new owner. Pecuniary Interests must also be considered at all times.

The directors will obtain approval from the Secretary of State for the disposal of any freehold land or buildings or disposing of any heritage assets. Under the Academy Funding Agreement the approval of the Secretary of State is required before the sale, or disposal by other means, or reinvestment of proceeds from the disposal, of an asset (or specific group of assets) for which a Capital Grant in excess of the value for the time being specified by the Secretary of State for the asset; or where the asset was transferred to the Company from an LA for no or nominal consideration.

Reinvestment of a percentage of the proceeds of disposal of a capital asset paid for with a capital grant from the Secretary of State shall require the Secretary of State's consent.

Funds obtained by the sale of surplus assets shall be identified in the school accounts and accessible for audit.

Acquisition of any asset excluding freehold of land or buildings must follow the purchasing policy.

Disclosures to be in line with the Academies Financial Handbook.

3.5 CAPITALISATION & DEPRECIATION OF ASSETS POLICY

INTRODUCTION

International Accounting Standard (IAS) 16 defines Fixed Assets as “assets whose future economic benefit is probable to flow into the entity, whose cost can be measured reliably”. The purpose of policy is to ensure that the school's balance sheet correctly reflects the assets and liabilities of Bourne Education Trust. The policy is written in accordance with Accounting Standard FRS15 Tangible Fixed Assets.

The policy defines the treatment of Non-Current, Current, Tangible and Intangible Fixed Assets. Related procedures are included in the Financial Procedures Manual. A Fixed Asset Register will be maintained and reconciled to the financial statements of the school.

FIXED ASSET REGISTER

The Fixed Asset Register consists of a list of high value items (or specific group of items) purchased within the accounting period) that are considered to have a life longer than the financial year in which they were purchased. For individual items any asset with a purchase value of £5,000 will be capitalised and capital projects with a value of £25,000.

Capitalised assets are not necessarily bought on one order; a group of items purchased within the same accounting period will be capitalised.

Fixed Assets are categorised as follows:

- Land and Buildings
- Plant and Machinery
- Furniture and Equipment
- Computer Equipment and Software
- Assets under construction.

Assets excluded from the Fixed Asset Register are current assets and stock. Current assets include cash and bank balances which are controlled through reconciliation to control accounts on a regular basis.

The appropriate accounting transactions for all capitalised assets will be recorded on the Fixed Asset Register and recorded at least annually within the Fixed Asset Fund account in addition to the transaction to the Balance Sheet.

Physical counts are undertaken against the Fixed Asset Register annually and discrepancies between the physical count and the registers are investigated promptly by the local School Business Manager. Any discrepancies over the value of £500 will be reported to the relevant committee.

All disposals of assets are recorded in the Fixed Asset Register and the appropriate transactions recorded through the financial statements on the finance system. All working papers for the purchase of Assets, including invoices, are retained Attractive and portable items of equipment that fall below the capitalisation limit of £5,000 are recorded on the Equipment Inventory. Asset control is as for the assets held on the Fixed Asset Register.

DEPRECIATION

Non-Current Assets are to be depreciated to reflect the recoverable amount in the financial statements, over the useful life of the asset. The depreciation will be calculated on an annual basis for preparation of the year end accounts.

Groups of assets will use the same method of depreciation. There may very occasionally be an asset that does not completely fit into one of the categories below and the Finance and Premises Committee will discuss these items on an individual basis.

ASSET GROUP	DEPRECIATION METHOD
Land	No depreciation
Buildings and Building modifications	2% (50 yrs.) Straight line
Plant and Machinery	20% (5 yrs.) Straight line with nil residual value
Furniture and Equipment	10% (10yrs) Straight line with nil residual value
Computer Equipment and Software	33% (3 yrs.) Straight line with nil residual value
Assets Under Construction	These are not depreciated until the asset is brought into use.
Motor Vehicles / Minibuses	20% (5 yrs.) Straight line with nil residual value.

The expected useful life of all assets will be assessed prior to depreciation calculations and recorded in the Fixed Asset Register. A reconciliation will be completed between the independent Fixed Asset Register and the carrying balances held on the finance system.

3.6 LEASE PURCHASES

There are two types of lease: operating leases and finance leases.

The Trust does not require the ESFA's approval for operating leases except for some transactions relating to land or buildings.

The Trusts must obtain the ESFA's prior approval for the following leasing transactions:

- Taking up a finance lease
- Taking up a leasehold or tenancy agreement on land or buildings for a term of seven or more years
- Granting a leasehold interest, including a tenancy agreement, of any duration, on land and buildings to another party.

The Trust will ensure that any lease arrangement maintains the principles of value for money, regularity and propriety whether or not the ESFA's prior approval is required.

Please refer to Trading with Connected Parties policy in considering any purchase.

3.7 MANAGING GENERAL ANNUAL GRANT (GAG)

MANAGING SURPLUS GAG

There is no limit on the amount of GAG that can be carried forward by the Trust. Please see section 2.3 for surplus management policies.

POOLING OF GAG

The overarching strategy of the BET is built on a school led accountability and improvement system which empowers school leaders to drive change and improvement rather than a top down approach. We want to empower leaders and help promote and develop networks to enable school leaders to work in unison, and to deepen the Trust's talent pool. We believe that the best results will be achieved when each school's Local Governing Committee (LGC) receives a level of responsibility and autonomy appropriate to its specific circumstances.

We do not want to hold funds for the sake of it but what we do want is a financial policy that:

1. Creates the understanding that BET is a single financial entity; a collaborative structure that helps to drive school improvement.
2. Generates a central surplus to be able to target funding, to have greater flexibility to respond to specific needs in individual academies and/or to direct funds to facilitate MAT policies that are being implemented to support the trust's vision;
3. Supports recovery plans for academies in financial difficulty, *simplifying the provision of support to weaker schools in a MAT until they can grow their pupil numbers;*
4. Creates a contingency for cashflow issues or unforeseen emergency costs;
5. Increases central resource and allows us to achieve efficiency savings MAT-wide (through centralisation and procurement)

GAG Pooling in its most extreme form - receiving all school funding centrally and allocating resources to individual schools and to the centre - does not fit the values, cultural fit and ethos of BET nor is it necessary to achieve the financial policy described above.

However, a simple 'top slice' based on a service level agreement does not enable the financial policy required to support the next stage of our development. The GAG Policy therefore is to amend our central contribution policy to include in the 'top slice' a requirement to contribute towards a central reserve to top up to a minimum 1% of GAG. The Trust currently holds sufficient reserves and does not need to call on this policy in 20/21. This policy will be reviewed annually as part of the annual review of the financial management manual.

3.7.1 CENTRAL CONTRIBUTIONS POLICY

To ensure that the Trust meets its legal obligations to maintain and improve educational and financial standards across all its schools the Trust will levy a central contribution (this excludes any additional support that might be negotiated with individual schools). The purpose of this levy will be to:

- To provide funds at cost to cover the central leadership of the Trust
- To provide the funds at cost for education, financial and business services provided centrally
- To provide the funds to support the development of the schools across the Trust
- To provide the funds for an agreed contingency.

In addition to the central contributions, the central Trust will hold the following funds (where relevant):

- Conversion & free school grants
- Gift Aid from BETEL (where it relates to central income only)
- Improvement Grants
- MAT Growth/Development Grants
- School Condition Allocation
- Rebrokerage Grants.

The process of agreeing the annual central contribution to be levied will be as follows:

1. The central contribution levied will be calculated annually in time to be incorporated in the following year's budget cycle
2. The proposed cost and services will be agreed by the Executive Group (CEO, COO and Headteachers) and the Trust Board
3. A service level agreement will be agreed between the Trust and its constituent schools to make clear the services that will be provided
4. The decision on the use of any excess generated from the fund will be made by the Executive Group where it relates to centrally levied funds (other funds will be used in accordance with grant conditions)
5. If a school feels that it has been unfairly treated it can appeal to the Finance & Audit Committee.

It is expected that all schools will pay the agreed levy. In exceptional circumstances, the board may decide that an individual school receive an adjustment to the levy as follows:

- An individual school can demonstrate that it will not receive the full range of services and will be severely financially impacted. The Trust accepts that although there may be a year on year variance in the level of support provided to individual schools, the life cycle of schools is such that this will level out over time and therefore it expects only to consider this in exceptional circumstances. It is expected that this will only be a one-year adjustment and that the school can demonstrate that the reduction in the levy will make the difference in ensuring that the school will remain a going concern

- A new school joining the Trust can demonstrate that it will be severely financially impacted by the payment of the levy. The Trust accepts that a new school joining the Trust had no influence on prior year decisions and will in exceptional circumstances consider non-payment of, a reduction in and/or a re-phasing of payment of the levy.

In order to authorise such an adjustment, the Trust Board will expect to receive a written submission from the school that is supported by the CEO and the COO of the Trust.

3.8 BORROWING

The Trust will obtain the ESFA's approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable. Credit cards must only be used for business expenditure, and balances cleared before interest accrues (see Business Card Policy section 2.4.2).

3.9 GIFTS

3.9.1 GIFTS FOR STAFF OR RELATED PARTIES POLICY

INTRODUCTION

This policy has been written to ensure that Bourne Education Trust ("BET") makes use of any public funds in a reasonable matter and complies with the DfE/ESFA requirements on related parties and or payments to Trustees. The Trust also aims to ensure that all employees are treated equally.

GIFTS TO DIRECTORS/TRUSTEES/GOVERNORS

The Academies Financial Handbook and Charity Law requires there are no payments to any Trustee by the Trust unless such payments are permitted by the articles, or by express authority from the Charity Commission and comply with the terms of any relevant agreement entered into with the Secretary of State. In accordance with this, and because any gifts could be construed as a payment, no gifts to directors/Trustees/governors will be paid for out of Trust funds.

LEAVING GIFTS FOR STAFF

No leaving gifts to staff will be made from school funds. Schools should put in place their own procedures for collecting funds for providing gifts. This could be by an annual payment into a staff gifts fund and/or through ad hoc collections.

WELFARE GIFTS FOR STAFF

The Trust believes that at momentous times in an individual's life such as marriage, the birth of a child, serious illness or death of a close relative, it is entirely reasonable to support colleagues with a small gift of flowers and a card. It is expected that any gifts above and beyond this should be funded through a staff collection.

LONG SERVICE AWARDS

The Trust would like to recognise exceptionally long service and believes that service of 25 years should be recognised by a payment of £300 that will be paid through payroll (any other methods of award would have to be declared as a benefit in kind). Exceptional length of service beyond 25 years should be considered as and when it arises.

RETIREMENT AFTER LONG SERVICE

In the event of retirement after service of ten years or more, the Trust believes that it is reasonable for schools to hold a social event. However, this must comply with HMRC requirements that this is open to all Trust staff or must be reported annually on each employee's P11D.

ALL STAFF RECOGNITION

There are times when the Trust would like to recognise the commitment of staff with a party or similar social function. However, schools must be aware that unless such social events meet HMRC exemptions these must be reported annually on each employee's P11D and the school will have to pay Class 1A National Insurance (13.8%) on the full cost of the event. To be exempt, the party or similar social function must be all the following:

- £50 or less per head*
- Annual, such as a Christmas party or summer barbecue
- Open to all Trust employees.

Please note that as the Trust has more than one location, the Trust either has to have one event that is open to all staff based at one location or can hold separate parties for different schools, as long as every employee can attend one event. Multiple events can be held provided that the combined cost is no more than £50 per head and complies with the other HMRC requirements.

*this is lower than the HMRC limit but reflects the Trust's approach that any gift or event must be reasonable

ALCOHOL

The Trust considers the purchase of alcohol using public funds as irregular and improper. Any alcohol bought must be through donations from donated funds.

3.10 TRANSACTIONS WITH RELATED PARTIES

3.10.1 TRADING WITH RELATED PARTIES POLICY

DEFINITION

Connected parties arise where one party has control or influence over the other, or where the parties are subject to common control. This includes parent companies and their subsidiaries, key

management personnel including company directors, their close family members and other bodies in which these parties have a controlling interest. Accounting standards require transactions between related parties to be disclosed in company financial statements as connected party transactions. Such transactions are permitted under company law, charity law and under the Academies Financial Handbook provided that open and transparent procurement procedures have been followed and any potential conflicts of interest are adequately and appropriately managed.

The ESFA's Academies Accounts Direction sets out that, for academy Trusts, connected parties include:

- Parties with control over, or controlled by, the entity (for example parent and subsidiary companies)
- Parties having significant influence over the entity
- Key management personnel of the entity, including any director, whether executive or otherwise
- Close family members
- Others subject to control or significant influence by any individual referred to above.

POLICY

The policy of the Bourne Education Trust is that there wherever possible there should be no trading with related parties because of the following:

- The potential risk to public funds because transactions cannot be demonstrated to be properly entered into or reasonable
- That the transaction may be considered irregular because it does not comply with legislation, with the terms of the Trust's funding agreement and/or the Academies Financial Handbook, and/or comply with internal Trust procedures
- That the transaction may be consider improper because it fails to meet the requirement that expenditure and receipts must be dealt with in accordance with Parliament's intentions and the principles of parliamentary control. This covers standards of conduct, behaviour and corporate governance
- That the transaction may bring the Trust into disrepute because it could be viewed negatively by the community or stakeholders
- That no member, trustee, local governor, employee or related individual or organisation uses their connection to the trust for personal gain

The Trust will only allow trading with connected parties if the trade can clearly be shown to be beneficial on a financial, operational and/or governance level, to the local community or to the quality of education delivered and thereafter educational outcomes for pupils.

Beneficial trading can be considered when sharing experienced staff or providing school to school support:

- In order to benefit from economies of scale
- Because of their existing knowledge of the Trust operations and its objectives
- Because there are established working relationships with the Trust's senior management team
- Because there are known quality of outcomes
- For school improvement support
- Trading subsidiary: to manage services provided by a Trust (school to school support, nurseries, sports facilities that also benefit the wider community)
- Shared services: with local authorities or strategic partners which offer reduced costs through economies of scale or benefits as described above
- MAT central services functions.

In most cases the financial transactions would be between the institutions involved and this would be within the current rules as the transaction would be deemed to be 'at cost'.

For these purposes the cost will be the 'full cost' of all the resources used in supplying the goods or services. Full cost includes:

- All direct costs (the costs of any materials and labour used directly in producing the goods or services)
- Indirect costs (comprising a proportionate and reasonable share of fixed and variable overheads).

Full cost must not include an element of profit.

The Trust will comply with the requirements of the AFH 2020 (ages 38-39) which requires the reporting of contracts and other agreements with related parties in advance of the contract or agreement taking place using the ESFA's online form [ESFA Related Parties On-line Form](#) for contracts and agreements made on or after 1 April 2020.

The Trust must obtain the ESFA's prior approval where an individual or cumulative contract or service exceeds £20,000. This does not include salaries and other payments made by the trust to a person under a contract of employment through the trust's payroll.

MANAGING PROCUREMENT AND POTENTIAL CONFLICTS OF INTEREST

In the event that a transaction lies outside the examples above which the Trust considers obviously beneficial, the following must be undertaken to ensure proper procurement processes are followed and conflicts of interest considered.

All connections must be recorded in the Trust's Register of Interests: relevant business and pecuniary interests and connections with other employees or relatives of close family members of individuals already on the register.

The connected party must be removed from the decision making process: where a potential conflict of interest is identified, the individual concerned must remove themselves from the decision making process for the duration of the transaction. This will include, but is not limited to, the original decision to enter into a contract with the connected party, periodic contract performance reviews and/or contract renegotiation/renewal.

Competitive procurement procedures must be followed: The Trust must demonstrate that funds have been applied to the purposes intended by Parliament, that they have achieved value for money and that a competitive tendering policy is in place and applied.

DECISION MAKING MUST BE BASED ON A VALUE FOR MONEY ASSESSMENT

Quotations should be obtained for the supply of the services following the Trust's own financial regulations. All transactions are on a non-profit basis and the procurement procedures undertaken followed the Trust's own financial regulations

DE MINIMIS

The 'at cost' requirement applies to contracts for goods and services from a connected party exceeding £2,500, cumulatively, in any one financial year of the Trust. For these purposes, where a contract takes the Trust's cumulative annual total with the connected party beyond £2,500, the element above £2,500 must be at no more than cost.

PROFESSIONAL SERVICES

In relation to organisations supplying legal advice or audit services to the academy Trust, the 'at cost' requirement applies where the organisation's partner directly managing the service is a member or director of the Trust.

DISCLOSURE IN THE EVENT OF TRADING WITH CONNECTED PARTIES

The policy of the Bourne Education Trust is that there wherever possible there should be no trading with connected parties but where connected party transactions occur, the Academies Accounts Direction stipulates that disclosure must be made and should include:

- The names of the connected parties
- A description of the relationship between the parties
- A description of the transactions
- The amounts involved
- The amounts due to or from connected parties at the balance sheet date.

In the event that trading with a connected party is considered unavoidable the following statement of assurance must be completed. See Appendix 2 – Pro-forma statement of assurance.

3.10.2 REGISTER OF INTERESTS

All Members, Directors, Governors and staff with significant spending powers must declare any direct or indirect pecuniary interests at all times and should enter any on-going interests that may raise a conflict of loyalty in a Register of Interests kept in the school. This Register should be drawn to the attention of relevant groups at least once a year and amended as needed. The register of interests must identify close family relationships (a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner) between members/directors and Trust employees as well as relevant business or pecuniary interests.

The Trust will publish the relevant business and pecuniary interests of directors and local governors on its website.

3.10.3 GOVERNORS (AND DIRECTORS/MEMBERS) ALLOWANCES POLICY

This policy statement has been developed in accordance with the Education (Governors' Allowances) Regulations 2003. These regulations give Local Governance Committees the discretion to pay allowances from the school's annual budget allocation to governors for certain allowances which they incur in carrying out their duties. Bourne Education Trust believes that paying governors allowances, in specific categories as set out below, is important in ensuring equality of opportunity to serve as governors for all members of the community and so is an appropriate use of school funds. The specific items allowable reflect this objective.

Governors will be entitled to claim the actual costs, which they incur as follows:

- Governors will be able to claim allowances providing the allowances are incurred in carrying out their duties, as a Governor or representative of the School or Trust
- Allowances should be agreed by the relevant Local Governance Committee or the Trust board as justified before any reimbursable costs are incurred.

Governors will be able to claim for the following, on a case-by-case basis and with the prior approval of the relevant Local Governance Committee or Trust:

- Childcare or babysitting allowances (excluding payments to family members)
- Cost of care arrangements for an elderly or dependent relative (excluding payments to a current/former spouse or partner)
- The extra costs they incur in performing their duties either because they have special needs or because English is not their first language

- The cost of travel relating only to travel to meetings/training courses at the current school rate which does not exceed the specified rates for school personnel
- Travel and subsistence costs associated with attending national meetings or training events, unless these costs can be claimed from another source
- Telephone charges, photocopying, stationery, postage etc.
- Any other justifiable allowances.

The Bourne Education Trust acknowledges that:

- Governors may not be paid attendance allowance
- Governors may not be reimbursed for loss of earnings.

Governors wishing to make claims under these arrangements, once prior approval has been sought, should complete a claims form (obtainable from the school), attaching receipts where possible, and return it to the school within two weeks of the date when the allowances were incurred, when they will be submitted for approval by the Chair of Governors (Trustees) or Chair of the relevant committee to be presented to the relevant committee for final approval.

Claims will be subject to independent audit and may be investigated by the Chair of Governors (Trustees) (or Chair of the relevant committee in respect of the Chair of Governors) if they appear excessive or inconsistent.

PART 4

4. FRAUD, THEFT AND/OR IRREGULARITY

4.1 FRAUD POLICY

The Bourne Education Trust is committed to ensuring that it acts with integrity and has high standards of personal conduct. Everyone involved with the academy has a responsibility in respect of recognising a potential fraud, preventing and detecting fraud. The academy also recognises the role of others in alerting them to areas where there is suspicion of fraud. It is the duty of all staff and governors to take reasonable steps to limit the possibility of corrupt practices, and to take advice from the internal or external auditors on the adequacy of the measures taken by the academy to ensure financial compliance.

Any investigation carried out in relation to alleged irregularities will be investigated in accordance with the relevant procedures.

Fraud is a general term covering theft, deliberate misuse or misappropriation of assets or anything that leads to a financial advantage to the perpetrator or others upon whose behalf he or she acts, even if these “others” are in ignorance of the fraud. Fraud is in fact intentional deceit and for this reason it cannot include negligence. Fraud incorporates theft, larceny, embezzlement, fraudulent conversion, false pretences, forgery, corrupt practices and falsification of accounts. Corruption is defined for the purpose of this code as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by Bourne Education Trust, its staff, directors or governors.

Irregularities fall within the following broad categories, the first three of which are criminal offences:

- Theft - the dishonest taking of property belonging to another person with the intention of depriving the owner permanently of its possession
- Fraud - the intentional distortion of financial statements or other records by persons internal and external to the Academy, which is carried out to conceal the misappropriation of assets or otherwise for gain
- Bribery and corruption (see Gifts & Hospitality policy)- involves the offering or the acceptance of a reward, for performing an act, or for failing to perform an act, which leads to gain for the person offering the inducement
- Failure to observe, or breaches of, Scheme of Delegation and Financial Regulations
- Failure to observe, or breaches of, financial procedures which in some circumstances can constitute an irregularity, with potentially significant financial consequences
- Examples of what could constitute fraud and corruption are:

- theft of cash
- non-receipt of income
- substitution of personal cheques for cash
- travelling and subsistence claims for non-existent journeys/events
- travelling and subsistence claims inflated
- manipulating documentation to increase salaries/wages received, e.g. false overtime claims
- payment of invoices for goods received by an individual rather than the Academy
- failure to observe, or breaches of, regulations and/or other associated legislation laid down by the Academy
- unauthorised borrowing of equipment
- breaches of confidentiality regarding information
- failure to declare a direct pecuniary or otherwise conflicting interest
- concealing a generous gift or reward
- unfairly influencing the award of a contract
- creation of false documents
- deception
- using position for personal reward.

The above list is not exhaustive and fraud and corruption can take many different paths. If in any doubt about whether a matter is an irregularity or not, please refer to the school Headteacher or Business Manager who will ensure the required action is taken.

The Trust will notify ESFA of any instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any academy financial year. Any unusual or systematic fraud, regardless of value, will also be reported.

APPENDICES

Appendix 1: Application to Travel on Trust Business

Application to Travel on Trust Business

Name: School/Department: Place/Country to be visited:
Dates of Travel:
Dates absent from school (if different from above):
Context of the trip (including any accompanying staff):
Proposed outcomes of the trip:
Estimated cost:
Advise if hospitality necessary and advise purpose:
Approval in accordance with policy: Date: Copies to Finance Department/Business Manager/H&S Officer
Approved by the H&S/ Risk Assessment Officer: Insurance checked by Business Manager:

Appendix 2 - Pro-forma statement of assurance

Pro-forma statement of assurance

Section 1: Supplier details

Name and address of supplier	
Company number (if applicable)	
Start date	
End date	
Estimate of commercial price, including profit	
Connection with Trust, e.g. Trustee is also a director of the supplier of goods and services	
Value of goods or services to Trust (cost without profit)	
Does this value include direct costs and indirect costs only?	Yes / No
Nature of contract (<i>such as building supplies or professional services</i>)	

Section 2: Details of contract

Explanation of how the supplier is charging the academy Trust
<i>This should include a sufficiently detailed explanation setting out that the supplier understands its direct and indirect costs in such a way to demonstrate to the academy Trust that it is supplying goods and services at cost, without any element of profit.</i>
<i>[Please extend the rows below if the contract is longer than three years]</i>

Section 3: Supplier certification

Certification of supplier	
I certify, on behalf of [<i>name of supplier</i>] that: the goods and services detailed in this form will be supplied to the academy Trust on the basis of direct cost plus indirect costs, with no element of profit; we are supplying the goods and services on an open book basis and we will provide more information on request; and we will make an adjustment in the following year if we identify a miscalculation on our direct or indirect costs, and supplied goods or services which included an element of profit.	
Name and position	<i>Should be sufficiently senior to sign this declaration</i>
Date	
Signature	
Notes	

Certification of supplier
<p>Direct costs means the costs of any materials and labour used directly in producing the goods or services. Indirect costs means a proportionate and reasonable share of fixed and variable overheads. At cost means without profit as it includes direct and indirect costs only.</p> <p>Estimate of commercial price acknowledges that the value of such contracts varies depending on a number of factors and negotiations. The supplier should identify a reasonable and fair price, e.g. from previous similar contract</p>

Section 4: Academy signoff

Certification of academy Trust	
<p>In signing this document I am satisfied that: the goods and services being supplied comply with the requirements on trading with connected parties as set out in the handbook, and represent value for money; there is full compliance with the Trust's scheme of delegation; open and fair procurement and compliance with the Trust's procurement procedures have taken place; potential conflicts of interest within the academy Trust have been robustly managed; the Trust's register of interest captures relevant business and pecuniary interests as set out in the handbook, and will be updated to reflect this contract (if not already); the supplier understands that open book arrangements are in place and they will provide more information on request, if needed; and both the Trust's accounting officer and chair of board of Trustees have agreed to trade with this connected supplier, and that the measures and safeguards listed above are in place.</p>	
Name and position (in academy Trust)	<i>Katy Backinsell Head of Finance or Kate Sanders Chief Operating Officer</i>
Date	
Signature	
<p>Notes Direct costs means the costs of any materials and labour used directly in producing the goods or services. Indirect costs means a proportionate and reasonable share of fixed and variable overheads. At cost means without profit as it includes direct and indirect costs only.</p> <p>Estimate of commercial price acknowledges that the value of such contracts varies depending on a number of factors and negotiations. The supplier should identify a reasonable and fair price, e.g. from previous similar contract</p>	

Section 5: Annual record of transactions

	Direct costs	Indirect costs	Total
Year 1	£	£	£
Year 2	£	£	£
Year 3	£	£	£
Total	£	£	£