



Finance policy

Academy level contribution:	N/A	
CEO approval:	Sean Kelly [CEO designate]	Date: 30.6.19
Education Group consultation (where applicable):	Academy Principals	Date: 27.6.19
LGB Cluster consultation (where applicable):	N/A	Date:
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Incorporating direction for

- Gifts & Hospitality
- Investment
- Reserves
- Procurement & Tendering
- Anti-Fraud
- Fund Pooling and appeal mechanism

The objectives of this policy are to set guidelines for the establishment of sound and effective financial procedures and compliance with the financial requirements specified in the Raleigh Learning Trust funding agreement with the DfE.

Raleigh Learning Trust is determined that the culture and tone of the organisation is committed to the 10 principles of public life: objectivity, openness, stewardship, leadership, accountability, honesty and integrity, selflessness, personal judgement, the duty to uphold the law and respect for others.

The Trust and all academies that fall within the Trust aim to operate in a transparent, ethical and accountable way which will promote effective management.

The Finance Policy should be read in conjunction with the Raleigh Learning Trust Funding Agreement with the DfE, the Supplementary Funding Agreements for the academies within the Trust, the Financial Management Manual and the Academies Financial Handbook.

Responsibilities

The Board of Trustees are responsible for ensuring that the Trusts' finances are managed effectively and for approving and monitoring the budget. The Board of Trustees establish the financial limits of delegated authority – see Appendix A Delegated Duties.

The Finance, Audit & Resource Committee is responsible for providing an independent oversight of the Trust's financial affairs and provide the Board of Trustees with on-going assurance that:

- The financial responsibilities of the Board of Trustees are being properly discharged
- Resources are being managed in an efficient, economical and effective manner
- Sound systems of internal financial control are being maintained
- Financial considerations are fully taken into account in reaching decisions
- Direction and scrutiny of internal audit work is carried by an approved auditor
- Audit reviews are reported to the Board of Trustees

The CEO assumes the role of the Accounting Officer and has overall responsibility to the Board of Trustees for the financial management of the Trust. The CEO should ensure that:

- The Board of Trustees is provided with financial advice
- Proper and adequate financial systems and controls are in place
- Annual financial statements are prepared for each period ending 31 August and are audited by an independent registered auditor

The CEO delegates most of the day to day financial management to the Chief Financial Officer while retaining ultimate responsibility. The CEO may also delegate financial management of individual academies in the Trust to the relevant Principals whilst retaining ultimate responsibility. The Finance Manager provides support to the CFO in the day to day operation of the financial systems and is responsible for ensuring the maintenance of timely and accurate accounting records. To the extent that the CEO has delegated financial management to the relevant Principals of individual academies, the latter are supported in the day to day budgeting of the respective academy by the Trust Finance Manager.

All staff are responsible for ensuring that they operate within the realms of this policy and any supporting procedures.

Declaration of Business Interests

It is vital that the Board of Trustees and staff are seen to act impartially. All members of the Board of Trustees are required to complete a declaration of their business interests. The CEO and other staff involved in the Trust's procurement and finance functions are also required to complete declarations of business interests.

Any personal interest that may impinge or might reasonably be deemed by others to impinge on an employee's impartiality or conflict with the duty owed to the Trust in any matter relevant to an employee's duties [such as conflicting business interests] should be declared in writing. Any member of staff who is aware of any business dealings conferring personal gain, or involving relatives or associates of members of staff must supply details of such transactions to the CFO for entry into the Register of Business Interests. All personal relationships between Senior Leaders in the Trust / Academies and other staff members should be declared and a record kept with the declaration of business interests.

Trustees Remuneration

It is illegal for Trustees to receive any remuneration for their work as Trustees other than payment of reasonable out of pocket travel, accommodation or other expenses legitimately incurred by them in connection with their attendance at meetings acting in the capacity of Trustee of the Trust. It is right, however, for them to not be out of pocket as a result of their duties. See Trustees Allowance Policy for further details.

Financial Planning

The budget is the financial dimension of the Trust Improvement Plan. By identifying and allocating financial resources, the Trust prioritises its targets and objectives and facilitates the achievement of its educational aims.

Fund Pooling

The Trust pools the funds of all academies with the following exceptions:

- Pupil Premium
- Pupil Premium Plus
- Ringfenced grants eg PE & Sports grant, Year 7 catch up grant
- Grants which individual academies have successfully bid into
- Funds for the education of pupils in special schools which are outside of place numbers [see Additional Pupils]

At the end of the financial year the Trust will pool all surplus balances. The purpose of pooling all funding is to form one central fund which can be used to create a contingency fund, a school development fund and a capital development fund. The Trust will consider the funding needs of each constituent academy when making allocations and any unspent ring-fenced funding that has been carried over.

If the Principal of an academy feels that their academy has been unfairly treated they should appeal, in writing, to the CEO. The CEO will make a decision within 10 working days. If the appeal is not resolved to the satisfaction of the Academy Principal they should then appeal to the Board of Trustees. The Board will make a decision within 10 working days. If the appeal is still not resolved to the satisfaction of the Academy Principal they should then appeal, in writing and via the ESFA, to the Secretary of State. The Secretary of State's decision will be final and can dis-apply the provisions for pooling.

Additional Pupils

The Trust allows special school places to be brokered directly with other Local Authorities and with other schools where there has been a request to meet the needs of a named pupil. The anticipated income and expenditure must be recorded and all arrangements must be approved by the CEO prior to the signing of the Service Level Agreement. At the end of the financial year the Trust will pool all surplus balances. Surplus funds directly related to the education of Additional Pupils may be returned to the individual academy for the purpose of school improvement, providing that the academy does not close the financial year with a deficit.

Financial Reporting

Regular financial reports will be presented to the CEO, The Board of Trustees, Academy Principals, Budget Holders, statutory bodies and the Education & Skills Funding Agency. Management accounts will be reported to the Chair of Trustees monthly and to all Trustees on alternate months.

Banking Arrangements

Lloyds Bank are the appointed bankers for Raleigh Learning Trust.

Investments

Funds surplus to current requirements will be invested in instant access deposit or short term deposit [12 months or less] accounts earning a higher rate of interest than the current account. Any such deposits shall be reported to the Board of Trustees.

Reserves

The Board of Trustees is responsible for determining the level of financial reserves to be carried forward at the end of any financial year [31 August].

The Board of Trustees will ensure that the levels of reserves that can be carried forward at the end of the financial year will be in line with the guidance received from the DfE on the treatment of income and other grants. Raleigh Learning Trust will try to match income with expenditure in the current year and will only carry forward reserves that it considers are necessary for future year's expenditure having regard for:

- The Trust Development Plan
- Forecasts of levels of income in future years
- Forecasts for expenditure in future years
- Analysis of any further development needs and opportunities that could not be met out of annual income
- Analysis and forecast of cashflow and fund management

There is no absolute level of free reserves that the Trust maintains, but generally cumulative restricted reserves should normally be restricted to 12% of annual income.

Purchasing

Purchasing procedures have been put in place to ensure that the Trust follows the fundamental principles of probity, accountability and value for money. Segregation of duties is used wherever possible. The Trust is careful to apply the principles of best value for money by using known suppliers with proven capacity to provide quality, quantity and timely delivery at a competitive price.

Budget holders are responsible for the management of their budget account within the limit of their budget and in relation to the Trust and/or individual academy improvement plans ensuring that the above principles are applied.

All requests for purchase orders should be completed using a purchase requisition and approved in accordance within Delegated Duties [See Appendix A] unless it is:

- in respect of utilities, rates, agency supply staff,
- it is a low cost item of less than £50
- an alternative process has been agreed with the Executive Team
- an emergency item of goods or services relating to Health & Safety

Tendering

All transactions with a net value of £1,000 or above must be supported by evidence of best value, in accordance with the limits set out in **Appendix 1 [Delegated Duties]**. The exception to this will be:

- transactions relating to Alternative Provision costs at the Denewood and Unity Academies as these transactions will have already been agreed via Service Level Agreement.
- transactions undertaken via Nottingham City Schools IT as they will have already applied a best value exercise when identifying suppliers of IT goods and services.

All transactions with a net value of £50,000 or above will be subject to tender. There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure would likely be used are described below.

- **Open Tender:** This is where all potential suppliers are invited to tender. The Headteacher must discuss and agree with the CFO and Office/Business Manager how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical.

- **Restricted Tender:** This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

there is a need to maintain a balance between the contract value and administrative costs,

the nature of the goods are such that only specific suppliers can be expected to reasonably meet the Academy's requirements

the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

- **Negotiated Tender:** The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

the above methods have resulted in either no or unacceptable tenders,

only one or very few suppliers are available,

extreme urgency exists,

it would build on previous works already done (eg, previous supplier knowledge of site specifics),

additional deliveries/services by the existing supplier are justified.

Obtaining quotes appears appropriate where the service/goods being sought is reasonably standard, and the Academy can reasonably show this achieves the same aim as a tendering process with a lower administrative burden. It is in the judgement of Trustees whether this is the case.

A desktop review may be appropriate in the case of contract renewal or where financial impact on the Academy is not reflective of the contract cost.

Full EU directive compliant tenders will be run for any procurement above the limits set by the OJEU.

Staff Expenses

Staff must seek budget holder approval for any expenditure they incur which they wish to be reimbursed by the Academy. Verbal approval must be sought for items up to £50. An official order form must be signed off by the appropriate budget holder before any items over £50 are purchased through expenses.

Expense claims are to be approved by the Headteacher and a VAT receipt and order form attached where appropriate. Headteacher expenses are to be approved by the Trust Executive Team (CFO or CEO). Executive Team expenses are to be authorised by another Executive Team member.

Invoicing

All invoices will be approved by the Academy Principal [Deputy /Head of School/Assistant Principal in the absence of the Principal]. All invoices will be paid by BACS where possible. Where this is not possible a cheque will be issued. Cheque signatories will be one of CEO or Academy Principal, plus one of CFO or Finance Assistant. The limit of a BACS run will be £400,000. Authorisation will be approved by:

- 1] Academy Principal [for the individual academy]
- 2] Trust Finance Assistant [for entire BACS payment]
- 3] CFO [for entire BACS payment]

Leasing

Finance Leases

The Trust will operate within the requirements of the Academies Financial Handbook and as such will not enter into any finance leases.

Operating Leases

Any operating leases entered into will be approved at Trust level and disclosed within the Trust financial statements as required.

Capitalisation and Depreciation of Assets

The Board of Trustees is responsible for the safe custody and physical control of all buildings, equipment, furniture, etc. The fixed asset register will be managed using Assetrac software and will list all items [or a specific group of items purchased] valued at over £1000 that are considered to have a life longer than the financial year they were purchased in.

Physical counts will be undertaken against the fixed asset register annually by Assestrac and the evidence will be reported to the Board of Trustees. Any discrepancies in excess of £1,000 between the physical count and the fixed asset register are reported to the Board of Trustees.

Depreciation will be charged at the following rates:

Asset Group	Depreciation Method
Leasehold Land	Over the term of the lease [125 years]
Leasehold Property	Over the useful economic life {33 to 50 years}
Furniture and equipment	20% [5 years] straight line
Computer Equipment	33.33% [3 years] straight line
Assets under construction	These are not depreciated until the asset is brought into use
Motor Vehicles	20% [5 years] straight line

Disposal of Assets

It is the responsibility of the appropriate Budget Holder to identify any assets which are surplus to requirements. The disposal of assets with a carrying value [cost less accumulated depreciation] must be approved by the CEO. The disposal of any asset with a carrying value above £5,000 will be reported to the Board of Trustees.

Related Party Transactions

The Trust will report all transactions with related parties to ESFA in advance of the transaction taking place, using ESFA's on-line form, and will obtain ESFA's prior approval for contracts exceeding £20,000.

Fraud

Raleigh Learning Trust is committed to discharging its responsibility to safeguard public funds and the highest standards of integrity. Everyone involved with the Trust has a responsibility in respect of recognising a potential fraud and corruption or theft. The Trust also recognises the role of others in alerting them where there is a suspicion of fraud and corruption or theft. This should be read in conjunction with the Trust's Whistleblowing Policy and the Financial Management Handbook which contains definition for fraud and theft.

Raleigh Learning Trust have put in place systems and procedures to manage and discharge its functions in an efficient and effective way. These systems incorporate internal controls to prevent and deter fraud and corruption. Employees must ensure that working practices comply with the systems.

Gifts and Hospitality

Employees shall not use their authority or office for personal gain and shall seek to uphold and enhance the standing of the Trust by:

- Maintaining an unimpeachable standard of honesty and integrity in all their business relationships
- Comply with the letter and spirit of the law and contractual obligations, rejecting any business practice that might be deemed improper
- At all times in their business relationships act to maintain the interests and good reputation of the Trust

Any employee who becomes aware of a breach of policy must report this immediately to their line manager who will investigate as necessary and report to the CFO.

Employees of the Trust should take guidance from the general rules relating to the receipt of gifts and hospitality as an employee of the Trust:

To accept gifts should be the exception. Small "thank you" gifts not over £25 in value may be accepted. Repeat gifts from the same donor should be treated as a single gift in any one financial year. Any gifts in excess of a value of £25 should be notified to the Chief Financial Officer for inclusion in the Gift Register. Such gifts will not be kept by the individual but will be used for the benefit of the Trust or local charities.

Gifts should be refused if it is believed the giver has an ulterior motive such as the receipt of a more prompt service or preferential treatment.

Except for working lunches of modest standards or small promotional items such as pens, calendars or diaries, gifts/hospitality should never be accepted from anyone who may, in the foreseeable future, be tendering for any contract with the Trust, seeking employment with the Trust or is in dispute with the Trust.

When declining a gift, staff should be courteous but firm and draw the attention of the person making the offer to the existence of this policy and the UK Bribery Act 201. Exceptionally, if a gift of value in excess of £25 cannot be refused without causing offence, it must be made clear to the donor that it is being accepted for the use of the Trust and not as a personal gift. The gift must be declared to the Chief Financial Officer and deposited with them for safekeeping.

Gifts are sometimes offered by suppliers with the purchase of items. All special offer gifts are the property of the Trust and must be forwarded to the Finance Department for use by the Trust. All such gifts will be recorded in the Gifts and Hospitality register.

Staff should not accept lavish hospitality that could be interpreted as a way of exerting an improper influence over the way duties are carried out. Staff should not offer such hospitality to others on behalf of the Trust. The timing of hospitality in relation to procurement or purchasing decisions that the Trust may be taking is especially sensitive. As a rule staff should never accept hospitality that the Trust would not reciprocate in similar circumstances. Any hospitality over and above modest working meals or light refreshments should be reported to the Chief Financial Officer for inclusion in the Gifts and Hospitality register.

Hospitality may be accepted where:

- You are representing the Trust within the community or are imparting information about the Trust to the public
- An event is clearly part of the life of the community and the Trust should be seen to be represented
- The hospitality is part of a course or conference where it is clear that the hospitality is corporate rather than personal
- Where hospitality is to be provided by the Trust this should be approved in advance in accordance with the Trust financial delegation limits. Such hospitality shall be reviewed in light of the UK Bribery Act 2010 prior to final approval

Fees and other payments received by staff

Staff should not undertake any external work outside of the Trust, whether paid or unpaid, during their working hours without the express permission of the Chief Executive Officer – see Special Leave Policy.

Where staff are offered payment for work carried out externally to the Trust then either leave should be granted unpaid or the payment received by the staff member should be paid to the Trust.

Donations

The Board of Trustees supports the solicitation for, and acceptance of, external donations and sponsorship that promotes the objects of the Trust, provided they are accepted free of obligation to the donor and are reviewed in light of the gifts policy above.

All donors shall be requested, for audit purposes, to submit written details of their donation stating that there are no conditions attached and the estimated value of the donation or gift. Any donations in excess of £5000 shall be reported to the Board of Trustees.

Cash Handling

Cash handling should be kept to a minimum and wherever possible and practical, transactions should be carried out via online payments or cheques/BACS. Monies should be kept in a safe and secure place and promptly paid into the Trust bank account.

Reconciliation of accounts, financial reporting and collation of information

The Trust will continually monitor its financial progress and report on it to the Board of Trustees as appropriate. It is essential to ensure that all costs incurred and income received is valid and verified.

Lettings and Other Charges

The Trust reserves a right to charge for a variety of activities. This policy should be read in conjunction with the Trust's Lettings Policy and the Trust's Charging and Remission Policy.

Staff Benefits

There are a number of staff benefits, in addition to salary, which have been agreed by the Board of Trustees. These include:

- Free lunches during Inset Days and at other meetings relating to Trust or Academy business

- Small gifts [up to £25 in value] in exceptional circumstances, to be authorised by the Academy Principal
- Contribution to a celebration for staff up to a maximum of £20 per staff member per annum, or £1500, whichever is lower. This could be a Christmas celebration, end of term event or other celebration ie successful Ofsted inspection.
- Provision of a confidential staff counselling and wellbeing service
- Provision of salary sacrifice schemes ie childcare vouchers.

Staff expenses

The Trust will reimburse staff for expenses claimed which have been reasonably incurred by a member of staff in the course of their duties. Claims must be prepared and signed by the claimant, substantiated by a valid receipt and approved by the Academy Principal. Where the Academy Principal makes a claim that must be approved by the CEO, where the CEO makes a claim that must be approved by the Chair of Trustees.

Mileage is payable and is aligned to the HMRC mileage allowance rates. Travel claims can only be made for additional mileage over and above the standard home to work travel.

All claims should be submitted as soon as possible after incurring the expense but at least on a monthly basis. The submission of a false claim by a claimant is a serious offence which could result in disciplinary action.

Settlement Agreements

Certain transactions by public bodies may fall outside their usual planned range of activity, and may exceed statutory and contractual obligations. HM Treasury refers to these as special payments, (see annex 4.13 of Managing Public Money), and are subject to greater control than other payments. They include:

- staff severance payments
- ex gratia payments

Special staff severance payments are paid to employees outside of normal statutory or contractual requirements when leaving employment in public service. They are different to ex gratia payments.

If an academy trust is considering making a staff severance payment above statutory or contractual entitlements, it **must** consider the following issues before making a binding commitment:

- that the proposed payment is 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 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, a settlement should not be offered
- if the settlement is justified, the trust would need to consider the level of settlement. This **must** be less than the legal assessment of what the relevant body (e.g. an employment tribunal) is likely to award

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 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 academy trust has delegated authority to approve individual staff severance payments provided any non-statutory/non-contractual element is under £50,000 gross (i.e. before income tax or other deductions). Where the trust is considering a non-statutory/non-contractual payment of £50,000 or more, (gross, before deductions), ESFA's approval **must** be obtained before the trust makes any binding offer to staff. ESFA will also need to refer such transactions to HM Treasury and so trusts should allow sufficient time for proposals to be considered. Examples of approval requirements are as follows:

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

Academy trusts 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 and have a business case justifying the settlement. Settlements **must** not be accepted unless they satisfy the conditions in this handbook and in ESFA's guidance and submission template.

Ex gratia payments

Ex gratia payments are another type of transaction that go beyond statutory or contractual cover, or administrative rules. Annex 4.13 of [Managing Public Money](#) provides examples, including payments to meet hardship caused by official failure or delay, and to avoid legal action due to official inadequacy.

Ex gratia transactions **must** always be referred ESFA for approval. HM Treasury approval may also be needed. If trusts are in any doubt about a proposed transaction, they should seek [ESFA](#) advice.

Credit Cards

All new cards must be approved by the Chief Financial Officer. Any purchases made using the credit card will follow normal Trust purchasing procedures and approvals.

Credit cards will only be used by finance admin staff and will not be taken off academy premises.

See Appendix A Delegated Duties for further information