



**Consilium**  
Academies

## **Finance Policy & Procedures**

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## 1 Introduction

The purpose of this policy and associated procedures is to ensure that the Consilium Academies Trust ("the Trust") maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the Trust's Funding Agreement with the Department for Education (DfE).

The Trust must comply with the principles of financial control outlined in the academies guidance published by the DfE. This policy expands on that and provides detailed information on the Trust's accounting procedures. It should be read by all staff involved with financial systems.

The policy covers finance related policies such as depreciation, Trust companies, reserves, investments, charging and remission, staff expenses and directors' expenses.

This policy relates to all of the Trust's academies. Adherence to the principles and procedures contained in this policy is mandatory for all staff.

This policy is designed to be consistent with:

- Academies Financial Handbook
- Trust Articles of Association / Constitution
- Master and Supplemental Funding Agreements
- HM Treasury's "Regularity, Propriety and Value for Money"

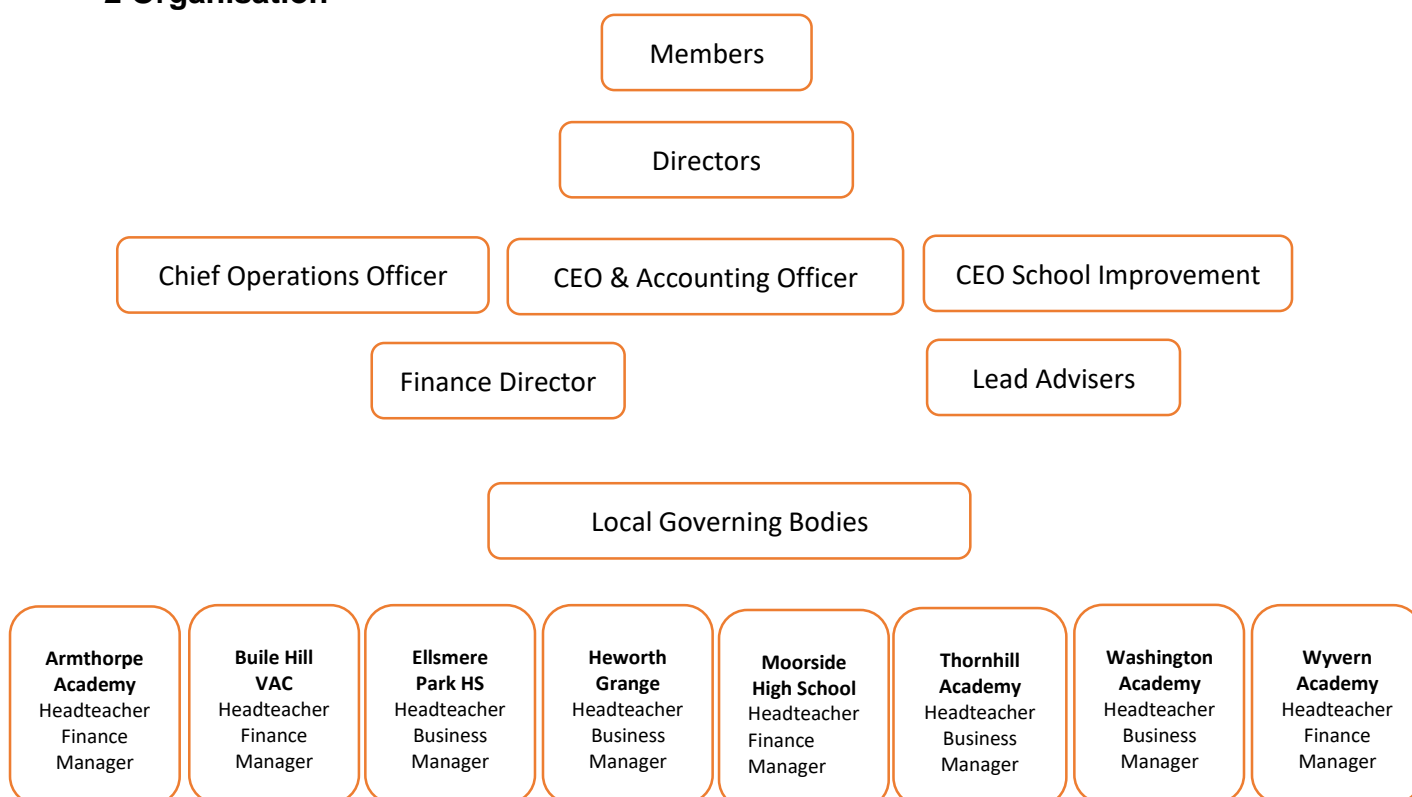
This Policy also contains the following appendices:

Appendix 1 Financial Authorisation Limits

Appendix 2 Procurement & Tendering

Appendix 3 Accounting Policies

## 2 Organisation



**2.1** The Trust has defined the responsibilities of each person involved in the administration of the Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for directors and staff. The financial reporting structure is outlined below:

### **Trust Board of Directors / Resources Committee**

**2.2** The Trust Board of Directors and Resources Committee of the Trust have overall responsibility for the administration of its academies' finances and the effectiveness of internal controls. The main responsibilities of the Board are prescribed in the Trust Articles of Association, its Constitution and in the Funding Agreement between the Trust and each of its academies with the Department for Education (DfE).

These responsibilities in relation to financial matters include:

#### **2.2.1 Trust Board of Directors**

The Board is responsible for ensuring that high standards of corporate governance are maintained, addressing such matters as:

- Finance policy development and strategic planning
- Ensuring sound management and administration of the Trust and its academies and ensuring that managers are equipped with relevant skills and guidance
- Ensuring compliance with general legislative requirements
- Establishing and maintaining a transparent system of prudent and effective internal controls
- Management of the Trust's financial, human and other resources
- Monitoring performance and the achievement of objectives and ensuring that plans for improvement are acted upon
- Setting the Trust's standards of conduct and working principles
- Assessing and managing risk, (including the preparation of a statement on academies risk management, for its annual report and accounts)
- To hold to account the trust CEO & Accounting Officer and each schools local governing body

#### **2.2.2 Resources Committee**

The Committee is responsible for the detailed consideration as to the best means of fulfilling the Trust's responsibility to ensure sound management of the Trust and Academy finances and resources, including proper planning, monitoring and probity; most particularly by:

- Assisting to promote the highest standards of probity in the use of public funds and encourage proper accountability for the use of those funds
- Assessing and managing risk, (including the preparation of a statement on academies risk management, for its annual report and accounts)

- Improving the quality of financial reporting by reviewing internal and external financial statements on behalf of the Board
- Promoting a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement and fraud
- Promoting the development of internal controls and risk management systems which will satisfy the Board that the Trust and its Academies will achieve their objectives and targets and are operating:
  - In accordance with any statutory requirements for the use of public funds
  - Within delegated authorities laid down by the Board of Directors
  - In a manner which will make most economic and effective use of resources available.

### **2.3 The Chief Executive Officer**

The Chief Executive Officer (CEO) is the Accounting Officer with responsibilities as described in HM Treasury's "Regularity, Propriety and Value for Money". The Accounting Officer has personal responsibility for the propriety and regularity of the public finances for which he / she is answerable. It must be ensured that, in considering proposals relating to the expenditure or income for which they have responsibilities, all relevant financial considerations are taken into account and full regard is had to any issues of probity or regularity.

The main responsibilities of the CEO include:

- The development of the annual budget.
- The development of medium term financial planning
- The regular monitoring of actual expenditure and income against budget
- Ensuring value for money, avoidance of waste and extravagance and the effective use of resources
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies.
- Ensuring that the regular reports provided to the Board are timely and accurate.
- Authorising orders and the award of contracts within the approval limits shown in Appendix 1;
- Authorising payments within the approval limits shown in Appendix 1 □  
Authorising changes to the Trust's personnel establishment.

### **2.4 The Trust's Headteachers**

Within the framework of the Trust's Development Plan, each academy Headteacher has overall executive responsibility for the academy's activities including financial activities. Much of the financial responsibility has been delegated to the Finance Director and the Business Managers but the Head Teacher still retains responsibility for:

- Approving new staff appointments within the authorised establishment.
- Authorising orders and the award of contracts within the approval limits shown in Appendix 1
- Authorising payments within the approval limits shown in Appendix 1
- Ensuring the delivery of the academy annual budget as approved by the Trust
- Monitoring the regular budget reports with the Business Manager and acting on overspends or risk.
- Report any potential overspend or financial risk to the Resources Committee

## **2.5 The Local Governing Body**

Within the framework of the trusts scheme of delegation, each school will continue to be supported by a local governing body (LGB). The constitution for each LGB and the level of delegated responsibility will be approved by the Trust board of directors. The scheme of delegation will directly reflect the individual circumstances of the school in order to determine how responsibility is shared within the agreed decision making framework.

The LGB will be responsible for monitoring and review of school finances. All decisions made by the Head teachers in terms of finance/staffing/other resources within the approved budget will be reported to/approved by the LGB and subject to overview by the Resources Committee.

## **2.6 The Chief Operations Officer (COO)**

The COO works in close collaboration with the CEO both of whom are responsible to the Trust board and is supported by the Finance Director. The main responsibilities of the COO are:

- The management of the Trust's financial position at a strategic level within the framework for financial control determined by the Board
- Ensuring returns to ESFA and other funding agencies completed correctly and on time
- Ensuring returns to statutory agencies are completed
- Managing investments
- Functional management of the Finance Director & Academy Business Managers
- Authorising orders and the award of contracts within the approval limits shown in Appendix 1
- Authorising payments within the approval limits shown in Appendix 1.
- To direct effective financial strategy, short/medium/ long term planning and risk assessment
- To operate as company secretary providing direct support to the board
- To manage the commercial responsibilities of the trust
- To support effective external audit and manage the associated contract with the approved accountancy provider.

- To implement effective internal audit process, with clear accountability reporting functions to the Resources Committee.
- To oversee the effective use of the agreed/approved accounting system ensuring open and transparent finance reporting is in place for each individual school & at trust level

## **2.7 The Finance Director**

- The management of the Trust's financial position at an operational level within the framework for financial control determined by the Board
- The maintenance of effective systems of internal control
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of each academy
- The preparation of budgets and medium term financial plans
- Ensuring returns to ESFA and other funding agencies completed correctly and on time
- Cash flow and treasury management

## **2.8 Business Manager**

It is envisaged that each academy will have a Business Manager or a person who undertakes that role albeit with a different job title. Where there is no Business Manager at the school (due to internal structure or vacancy), this role will be supported by the Central Trust's extended operational team who will work closely with the individual school.

The Business Managers work in close collaboration with the Finance Director. The main responsibilities of the Business Manager are:

- The day to day management of local financial issues
- The preparation of monthly management accounts through the agreed/approved accounting system
- Authorising orders and the award of contracts within the approval limits shown in Appendix 1
- Authorising payments within the approval limits shown in Appendix 1.
- Ensuring that financial controls are working effectively at academy level

## **2.9 Internal Audit**

The Internal Audit process is approved by the Board (through the Resources Committee) managed by the Finance Director and will provide Directors with an independent oversight of the financial affairs. The main duties of the Internal Auditors are to provide the Resources Committee with independent assurance that:

- The financial responsibilities of the Board are being properly discharged
- Resources are being managed in an efficient, economical and effective manner

- Sound systems of internal financial control are being maintained and □ Financial considerations are fully taken into account in reaching decisions.
- Risks are identified and appropriate actions put in place

Resources Committee will appoint internal auditors at a school to school level to undertake a regular programme of reviews to ensure that financial transactions have been properly processed and that controls are operating effectively. A report of the findings from each visit will be provided to the Resources Committee for review.

## **2.10 Other Staff**

Other members of staff, primarily Finance Managers/Officers, Admin Assistants and budget holders, will have some financial responsibilities and these are detailed in the following sections of this policy. All staff are responsible for the security of academy property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the academy's financial procedures.

## **2.11 Conflict of Interest**

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise all Trust Directors and employees with budgetary responsibility are required to declare any financial interests they have in companies or individuals from whom the Trust may purchase goods or services. The register is open to public inspection.

The register should include all business interests such as directorships, shareholdings or other appointments of influence within a business or organisation which may have dealings with the Trust. The disclosures should also include business interests of relatives such as a parent or spouse or business partner where influence could be exerted over a director or employee by that person.

The existence of a register of business interests does not detract from the duties of directors and staff to declare interests whenever they are relevant to matters being discussed by the board or a committee. Where an interest has been declared, directors and employees should not participate or attend that part of any committee or other meeting.

## **3 Accounting System**

The Academy Trust uses HCSS Accounting Systems (HCSS) at all its academies. All financial transactions of the Trust must be recorded on this system.

### **3.1 System Access**

Entry to the HCSS accounting system is password restricted and the Finance Director is responsible for implementing a system which ensures that passwords are changed at least every year. Access to the component parts of the system can also



be restricted and the Finance Director is responsible for setting access levels for all members of staff using the system.

### **3.2 Back - up Procedures**

The HCSS Budgeting and Accounting Packages are cloud based solutions and do not require daily / weekly back up.

### **3.3 Transaction Processing**

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this policy. The detailed procedures for the operation of the payroll, the purchase ledger and the sales ledger are identified in the Finance Policy.

### **3.4 Reconciliations of Balance Sheet Accounts**

The Business Managers are responsible for ensuring the following reconciliations are performed routinely, and that any reconciling or balancing amounts are cleared:

- Sales ledger control account **monthly**
- Purchase ledger control account **monthly**
- Payroll control account **monthly**
- All suspense accounts **monthly**
- Accruals and prepayments **monthly**
- Balance sheet accounts **monthly**
- Review of trial balance for unusual postings **monthly**
- Bank balance per the nominal ledger **monthly within 5 working days to the bank statement.**

## **4 Financial Planning**

The Trust and each academy will prepare both medium term and short-term financial plans. Medium term is defined as a period of three years. The medium term financial plan is prepared as part of the Trust and Academy Development planning process. The Trust Development Plan indicates how the Trusts and each academy's educational and other objectives/priorities are going to be achieved within the expected level of resources over the next three years. The Trust Development Plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to each academy and the planned use of those resources for the following year.

### **4.1 Development Plan**

The Trust Development Plan is concerned with the future aims and objectives of the Trust and each academy and how they are to be achieved; the Trust will set overall Core Objectives which will be turned into specific objectives for each Academy. The Development Plans will ensure that the Trust's objectives and targets are matched to the resources expected to be available. Plans should ideally be simple and flexible.

The form and content of the Development Plan will be set by the CEO and due regard should be given to any annual guidance issued by the DfE.

## **4.2 Annual Budget**

The Finance Director is responsible for working with the Head Teacher, the Business Managers, CEO and COO to prepare a draft annual budget for consideration by the Resources Committee who submit the draft Budget for approval by the Trust Board. The approved budget must be submitted to the DfE by the specified date, and the COO is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that the submission date is met. A Financial Calendar will be prepared which details all the submission dates required by the ESFA.

**4.2.1** The annual budget forecast will reflect the best estimate of the resources available to the academy for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the School Development Plan objectives and the budgeted utilisation of resources.

### **4.2.2 Balancing the Budget**

Each Academy must set a balanced budget, taking into account the current level of reserves, medium term projections and the need to invest to meet the longer term business plan.

If an academy is unable to set a balanced budget and is projecting either an in year or year-end deficit this must be approved by the Trust Board. A full repayment plan must be established following consultation with the CEO and approved by the Resources Committee. In the event of this occurring, the Scheme of Delegation with regard to the affected Academy may be suspended and the power to approve staffing and/or resources changes at Headteacher/LGB level may be removed.

### **4.2.3 Finalising the Budget**

Once the different options and scenarios have been considered, a draft budget should be prepared by the CEO for approval by the Resources Committee and recommended to the Board. The budget should be communicated to all employees with budgetary responsibility.

### **4.2.4 Monitoring and Review**

Monthly reports will be prepared by the Business Managers, supported by the Finance Director. The reports will detail actual income and expenditure against budget for budget holders and at a summary level for the CEO, COO, Headteachers, Finance Director and the Local Governing Body.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. Monthly management accounts will include a latest financial forecast for the year.

If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency. This must be authorised at the levels as shown in Appendix 1.

#### **4.2.5 Staff Appointments**

As part of the annual budget process, the Trust Board will approve a staff establishment for (a) The Trust and (b) Academies. Amendments to the approved establishments within approved budget levels, in the case of (a) require the approval of the CEO and in the case of (b) require the approval of the Headteacher/LGB and in both cases should be reported to the COO & Finance Director.

**4.2.6** The CEO for the Trust and Headteacher for the Academy have the authority to appoint staff within the authorised establishment except for the role of Head Teacher where Trust Directors may be involved. The CEO will approve all appointments to the Executive Team of the Trust.

#### **4.2.7 Payroll Administration and Payments**

Payroll is currently outsourced and the approval of the Resources Committee is required to change any such arrangements.

The Trust has a Pay Policy and all changes to pay must be consistent with this, any variations to this must be raised with the CEO and reported to the Resources Committee.

The monthly payroll must be approved by the Business Manager prior to payments being made and reviewed subsequently by the Finance Director and COO.

All additional employee payments within Budget must be approved by the CEO in respect of the Trust and Headteachers/LGB in respect of Academies.

All monthly amendments to the payroll (e.g. sick leave, overtime, expenses etc) are checked and notified by the COO in respect of the Trust and the Headteachers in respect of the individual Academies.

Detailed guidance on the monitoring of payroll expenditure can be found in appendix 5.

### **5.0 Contract management**

When using external human resources, contractors and consultants or moving internal human resources/staffing between schools, the Trust uses a contract management framework. This framework ensures all contractors and consultants meet the appropriate commercial & safeguarding requirements. All staffing secondments must be appropriately resourced.

The tender process is built into the framework in order to reduce the need to continually tender for short term contractors and allow academies to appoint immediately from the approved contractor list.

A school partnership agreement is also built into the framework in order to ensure effective school improvement brokerage and deployment is in place.

All external/internal human resources are kept at cost for Trust schools in order to establish clear value for money and meet ESFA requirements.

The full framework is provided to each school, overall responsibility for management of the framework and the approved contractor/consultant list is held by the COO.

## **6 Procurement**

The Trust is required to achieve the best value for money from all its purchases. This means purchasing goods at the correct quality, quantity and time at the best possible price by following the general principles of:

- Probity, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust.
- Accountability, the Trust is publicly accountable for its expenditure and the conduct of its affairs.
- Fairness, that all those dealt with by the Trust are dealt with on a fair and equitable basis.

### **6.1 Routine Purchasing**

Budget holders will be informed of the budget available to them at least one month before the start of the academic year. It is the responsibility of the budget holder to manage the budget, working with the Business Manager, and to ensure that any expenditure is consistent with the objectives of the academy. Appropriate authorisation limits are reviewed annually and approved by the Trust's Board (see Appendix 1).

The detailed Purchasing Procedures can be seen at Appendix 2.

It is necessary to take the most economically advantageous tender (MEAT) of best value into account at all times although this is not necessarily the lowest cost. An explanation will need to be provided when the lowest cost quotation or tender is not accepted.

### **6.2 Forms of Tenders**

Details of forms of tenders and how to run a tender process are included at Appendix 3

### **6.3 Purchasing Cards**

Purchasing Cards have been introduced. Purchasing Cards are to be used by the nominated card holder only and the card should be stored safely. The pin number for the card should be memorised and not stored with the card. Procedures for the authorisation of expenditure using purchasing cards is identified in Appendix 1. On occasions it may be necessary to use the purchasing card without having a signed order form. This should be in frequent and with verbal approval were possible.

In order to minimise the risk with purchasing cards they all have a transaction limit and a monthly expenditure limit. Each month a reconciliation of the purchasing card should be completed by an officer other than the card holder.

Should the officer consider the spend inappropriate, then this should be reported to the Headteacher or the Finance Director (in the case of the Headteacher).

## **7. Income**

The main sources of income for the Trust are the grants from the DfE/ESFA and Top slice from current Consilium Academies. The receipt of these sums is monitored directly by the Finance Director who is responsible for ensuring that all grants and top slice due to the Trust are collected.

Grant funding is received for academy conversions and bids made by Consilium. All external funding is managed and monitored by the COO and reported to Resources Committee.

The Trust requires participating academies to contribute 3% of the current General Annual Grant (exclusive of additional payments made to the school regarding pupil premium and SEND) income for that school to Consilium. Additional resources required by the school or drawn from the school will be agreed and built into the funding agreement prior to completion but are funded separately.

Other Income received by the Academies for such items as trips and visits, sales of educational items, uniforms, catering etc should be checked and receipted by the Business Manager or equivalent. All income should be banked intact and a reconciliation completed for all receipts and the paying in slip.

Detailed guidance for income can be found in appendix 4.

### **7.1 Lettings**

Letting and hire of the Trust facilities will be conducted in line with the Lettings Policy for each academy which includes a scale of charges and will be reviewed annually. A copy of the Model Lettings Policy is included at Appendix 7.

The business manager or equivalent will ensure that income for lettings are invoiced and income recovered in line with the policy. Any unpaid invoices will be chased as bad debts (see Section 18).

### **7.2 Custody**

Monies collected should be held securely in the Academy Finance Office Safe and should be banked and reconciled promptly.

## **8 Cash Management**

### **8.1 Bank Accounts**

The opening of all accounts must be authorised by the CEO, COO and Finance Director who will set out, in a formal memorandum, the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

### **8.2 Payments and withdrawals**

All cheques and other instruments authorising withdrawal from the Trust bank accounts must bear the signatures of authorised signatories as listed in Appendix 1.

This provision applies to all accounts, public or private, operated by or on behalf of the Board of Directors of the Trust. At least one of the cheque signatories must not sign a cheque relating to goods or services for which they have also authorised the expenditure.

### **8.3 Administration**

All bank accounts must be reconciled monthly and checked by the Business Manager, within five working days of month end. The Finance Director will periodically review the bank reconciliations

### **8.4 Petty Cash Accounts**

The academy maintains a maximum cash balance of £500.

### **8.5 Deposits**

The only deposits to petty cash should be from cheques cashed specifically for the purpose.

### **8.6 Payments and Withdrawals**

In the interests of security, petty cash payments will be limited as shown in Appendix 1. Higher value payments should be made by cheque or BACS directly from the main bank account as a cash book payment.

### **8.7 Administration**

Petty Cash accounts will be reconciled monthly and all transactions recorded on the accounting systems monthly.

### **8.8 Cash Flow Forecasts**

The Finance Director is responsible for preparing monthly cash flow forecasts for twelve months ahead to ensure that the academy has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should

be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to re-profile the General Annual Grant (GAG) to cover potential cash shortages.

## **9 Fixed assets**

All expenditure on IT equipment, IT infrastructure and related IT developments must be approved by the Finance Director, who will liaise with the Chief Executive to ensure that investment is consistent with the Trust's overall IT strategy

### **9.1 Asset Register**

All items purchased with a value over the academy's capitalisation limit of £2,000 must be capitalised. Expenditure in excess of £5,000 may also be capitalised even though the individual asset price is below £2,000. Assets below this value of £2000 will be charged to the income and expenditure in the year of purchase. All assets

- With a value of over £500
- With a value below £500 but considered 'attractive' will be entered in the Asset Register.

Business Managers will review the Asset Register on a yearly basis to ensure completeness and identify any discrepancies. Any discrepancies over £1000 must be reported to the Trust's Finance Director.

The Asset Register helps:

- Ensure that staff take responsibility for the safe custody of assets
- Enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
- To manage the effective utilisation of assets and to plan for their replacement
- Help the external auditors to draw conclusions on the annual accounts and the Trust's financial system
- Support insurance claims in the event of fire, theft, vandalism or other disasters.
- Security and disposal of assets.

### **9.2 Security of Assets**

Stores and equipment must be secured by means of physical and other security devices. Only authorised staff may access the stores.

All the items in the asset register should be permanently marked as the Trust's property and there should be a regular (at least annual) count by someone other than the person maintaining the register. Discrepancies between the physical count and the amount recorded in the register should be investigated promptly and, where significant, reported to the Trust Finance Director. Inventories of Trust property should be kept up to date and reviewed regularly. Where items are used by the Trust but do not belong to it this should be noted.

### **9.3 Loan of Assets**

Items of Trust property, except staff and student laptops or tablets, must not be removed from academy premises without the authority of the Headteacher.

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the Trust's auditors.

### **9.4 Disposals**

Items which are to be disposed of by sale or destruction must be authorised for disposal in accordance with the Finance Regulations in Appendix 1 and, where significant, should be sold following competitive tender. The Trust must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid.

Disposal of equipment to staff is not encouraged, as it may be more difficult to evidence the Trust obtained value for money in any sale or scrapping of equipment. In addition, there are complications with the disposal of computer equipment, as the Trust would need to ensure licences for software programmes have been legally transferred to a new owner.

The Trust is expected to reinvest the proceeds from all asset sales for which capital grant was paid in other academy assets. If the sale proceeds are not reinvested then the Trust must repay to the ESFA a proportion of the sale proceeds.

All disposals of land must be agreed in advance with the Secretary of State.

### **9.5 Leases**

The Trust is able to enter into operational leases as outlined in the Academies Financial Handbook. Finance leases are classed as borrowings and can only be entered into with the specific authority of the ESFA. All leases must be approved by the Finance Director.

## **10 Depreciation Policy**

The Trust will depreciate fixed assets in line with recognised accounting standards, best practice and DfE guidelines. Depreciation rules will be approved by the board in advance of preparing the annual statements. The current policy is shown in Appendix 3.

## **11 Companies Policy**

The Trust will not form any companies, subsidiaries or joint ventures without the approval of the Trust Board.



## **12 Reserves & Investments Policy**

The Trust will build and maintain a revenue reserve fund to provide flexibility and certainty in forward planning. The current policy is for the Trust to hold revenue reserves equivalent to two months AWPU top slice.

All revenue reserves are controlled by the Trust Board including those transferred in upon conversion and cannot be spent without the approval of the Trust Board

In accordance with ESFA and charity accounting standards, the Trust will maintain financial records which identify revenue reserves by academy

The Trust will build and maintain a capital reserve fund in line with the reserves approved by the Board from time to time.

Reserve funds will be held on deposit in an interest bearing account in a UK regulated bank or in other instruments and investments as agreed from time to time by the Board.

The Trust will take a very prudent approach to any deposits or investments that it makes.

## **13 Charging & Remission Policy**

The Trust will ensure that educational opportunities provided at the Trust during school hours are available to all students regardless of ability to pay and that other activities are charged for in a fair and transparent way. No student will be excluded from essential curriculum activities because of their parents' inability to pay.

The separate Charging and Remission Policy is designed to be consistent with the requirements relating to charging laid out in the Funding Agreement.

Academies may charge for some optional activities which take place wholly or mainly outside academy hours. The Trust may invite voluntary contributions for these from parents. Parents who wish to discuss financial matters are able to discuss them in confidence with the Head Teacher.

In all cases, where a charge is made it will not exceed the costs of the provision.

## **14 Staff Expenses**

The Trust employees may claim for reasonable expenses incurred to perform their duties or to repay them for items bought on behalf of the Trust. Reasonable expenses include:

- Travel by public transport;
- Use of own car and parking (excluding home to work travel);
- Subsistence for meals required due to working at a different location;
- Unavoidable overnight accommodation;
- Reimbursement for approved items bought on behalf of the Trust.

Rates and allowances are laid out in a schedule of allowed expenses which will be reviewed annually and are available from the Central Team.

Staff must submit an expenses claim form and seek approval as laid out in the Finance Regulations in Appendix 1 before being sent to the Business Manager to be paid. All claims must be accompanied by receipts. All expenses will be paid through payroll.

The Finance Director will monitor claims to ensure compliance with this policy; any fraudulent claim is the responsibility of the claimant and may result in disciplinary action.

## **15 Directors' Expenses**

Directors and Members of the Trust may claim for reasonable expenses incurred by him or her when acting on behalf of the Trust, in line with the Trust policy. This policy describes what expenses are allowed, the process for making claims and the current rates. Reasonable expenses will include:

- Attendance at meetings of the Trust board or Local Governing Body or their committees
- Meetings with authorities, regulators, auditors etc.
- Meetings with members of staff or prospective staff connected with their official duties
- Other official meetings. It is expected that Directors and Members will wish to minimise the level of expenses claimed so that maximum resources can be applied to the core purposes of the Trust. Directors and Members may not claim for:
  - Time spent working as a Director or Member
  - Loss of earnings
  - Food or refreshments
  - Expenses in connection with foreign travel other than as allowed below. The level of expenses that can be claimed will be no higher than that used for staff in CWA and the Academies.

## **16 Tax**

The Trust will account for VAT strictly in compliance with the rules and regulations applicable at that time. It is the responsibility of the Finance Director to ensure compliance with VAT regulations. The Finance Director will amalgamate the VAT 126 from each Academy and the Central Team and complete the VAT 126 Claim monthly following the Academies Month end procedures. The Finance Director will ensure that Corporation Tax returns are completed on time and in accordance with legislation.

Any payments to contractors and subcontractors in relation to building/facilities and associated services are made in accordance with the Construction Industry Scheme.

## **17 Insurance**

The COO will review all risks annually to ensure the cover available and the sums insured are adequate. The Trust will notify the insurers of any new risks or any other alterations affecting existing insurance.

The Trust will not give any indemnity to a third party.

The Trust will immediately advise the insurers of any accident, loss of other incident which may give rise to an insurance claim.

## **18 Bad Debts**

The procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable will follow this guidance:-

- Wherever possible, income due will be collected before or at the time the relevant sale or service is provided. If this is not possible, an invoice will be issued.
- Income from lettings will be collected in accordance with the Lettings Policy
- All debts will be recorded and non-payment will be followed up by the Academies / Trusts Business Manager or equivalent by issuing reminders at the following intervals:

3 weeks from date of account - 1st reminder

6 weeks from date of account – final reminder

- The final reminder is sent by recorded delivery and threatens legal action if the account is not settled within 14 days. After 10 weeks from the date of the account, where the debt is still outstanding, legal action may be considered, and the debtor will be informed of this in writing.
- If, after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written off in accordance with Financial Authorisations in Appendix 1 and in accordance with the guidance provided in the Academies Financial Handbook
- To ensure sound internal control, staff who raise invoices, will not have the authority to write off debts. Any written off debt must be approved by the Finance Director. The VAT element of any debt must not be written off, as this contravenes HM Revenue & Customs statutory requirements. □ The Trust will retain a Bad Debt Write-Off Summary.

## **19 Monitoring Outcomes & Review**

Outcomes will be monitored and reviewed by regular internal checks and scrutiny by senior management including an annual review with Business Managers and Finance Director/COO.

Effectiveness of this policy and any associated procedures will also be monitored by the Resources Committee, supported by External Audit, including the Regularity Audit, and regular testing by Internal Audit. Audit results will be presented by regular written reports to the Audit Committee. Findings & recommendations will be used to revise this policy and associated procedures- this will be undertaken by referring any recommendations for changes to the Resources Committee.

Key Performance Indicators of the success of this policy are:

- No inappropriate use of money
- Adherence to budgets
- Value for Money being demonstrated
- Expenditure targeted on key priority areas □ Timely reports to Board, DfE and others □ Up to date, accurate records.

March 2018

## Appendix 1

	Duty	Value	Authority
1	Ordering Goods and Services (raising requisitions All ICT related purchases must be approved the Academy Head of ICT. Tendering procedures as per appendix 2	up to £1,000	Budget Holder reviewed by Business Manager
		£1,001-£10,000	Budget Holder and Business Manager
		£10,001- £20,000	Budget Holder and Business Manager Headteacher or Finance Director
		£20,001-£35,000	Budget Holder and Business Manager Headteacher or Finance Director and CEO
		Over £35,000	Resources Committee
2	Signatories for Cheques and Payment authorisations for Academies (inc BACS but not payroll)	Any	Two signatories from Headteacher Leadership Team Faculty Heads Business Manager
3	Signatories for Cheques and Payment authorisations for MAT	Any	Two signatories from CEO COO FD

4	Payroll BACS	Any	COO/FD following BM Review
5	Signatories for DFE grant claims for individual academies	Any	Two signatories from CEO COO FD HT BM
6	Signatories for DFE grant Claims and DFE returns for MAT	Any	Two signatories from CEO COO A Board Director.
7		Up to £10,000	BM reporting to FD

	Virement of budget between Budget Heads	£10,001- £50,000	FD/COO reporting to the Resources Committee
		£50,001-£100,000	HT/FD/COO reporting to the Resources Committee
		Over £100,000	Resources Committee
8	Disposal of Assets	Up to £1,000	BM or FD
		£1,001- £5000	HT/COO
		Over £5,000	HT/COO reporting to Resources Committee DFE approval Required as appropriate for assets funded by DFE grant or transferred from LA at nominal consideration
9	Writing off Of “Bad Debt”	Up to £1,000	BM/FD
		Over £1,000	CEO with referral to Resources Committee Annually

10	Purchase or Sale of freehold Property	Any	Trust Board/ DFE
11	Granting or taking up of any Leasehold tenancy or agreement exceeding 3 years	Any	Trust Board / DFE
12	Raising Invoices to Collect Income	Any	BM
13	Petty Cash and Expense Claims	Against Budget Holder delegated budget	Budget Holder
		Budget holder claimant	BM
		SMT BM FD HT Trust Appointments CEO	HT or FD HT or FD HT CEO CEO Chair Of Trust Board Company Secretary
		Governor or Director	
14	Credit Cards	FD HT	HT CEO
15	Purchasing Cards	All staff except BM BM	BM HT

## **Appendix 2**

### **Purchasing**

Budget holders will be informed of the budget available to them. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. A print detailing actual expenditure against budget will be supplied to each budget holder the last Friday of each month and budget holders are encouraged to keep their own records of orders placed but not paid for.

Routine purchases of up to £1,000 can be ordered by budget holders. In the first instance, a supplier should be chosen from the list of approved suppliers maintained by the Finance Office. A quote of price must always be obtained before any order is placed. If the budget holder considers that better value for money can be obtained by ordering from a supplier not on the approved supplier list, the reasons for this decision must be discussed and agreed with the Academy Business Manager.

All orders must be made, or confirmed, in writing using an official order form. Orders must bear the signature of the budget holder and must be forwarded to the Finance Office where the Finance Assistant will check to ensure adequate budgetary provision exists before processing. The completed order is then passed to the Academy Finance Officer to countersign.

Countersigned orders are recorded in the orders placed book, allocated a reference number and dispatched to the supplier by the Finance Assistant.

The Finance Assistant must make appropriate arrangements for the delivery of goods to the school. On receipt, the Finance Assistant must undertake a detailed check of the goods received against the goods received note (GRN) and make a record of any discrepancies between the goods delivered and the GRN. Discrepancies should be discussed with the supplier of the goods without delay.

If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the Finance Office will keep a central record of all goods returned to suppliers.

All invoices should be sent to the Finance Office in a timely manner.

The Finance Assistant will check all details are correct with order then will input the invoices onto the FMS system. The invoices will then be passed to the Finance Assistant / Finance Officer and Business Manager to be certified.

At the end of every week, or more often if required, the Finance Assistant will review the invoices due for payment. Both cheques and BACS payments will be raised, cheques being authorised by two of the nominated cheque signatories.

The Finance Officer will arrange for payments above £12,000, requiring Governing Body approval, for Chair of Governors signature to be obtained.

Cheques will be dispatched to suppliers where appropriate by the Finance Assistant. The Finance Officer makes payment by Internet Bank Transfers as required.

At least three written quotations should be obtained for all orders over £1,000, to identify the best source of the goods/services. Written details of quotations obtained should be prepared and retained by the Finance Office for audit purposes. Telephone quotes are acceptable if these are evidenced and email confirmation of quotes has been received before a purchase decision is made.

All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000 must be subject to formal tendering procedures. Competitive tendering can be considered below this figure, in the interests of best value.

### **Purchase Orders**

Official orders are issued for all goods and services except utilities, post office, examinations, rent, food and drinks orders through the school kitchen, business rates and petty cash purchases, or if the purchase is made using an officially authorised Purchasing Card.

Official orders are uniquely identifiable with pre numbered sequence.

The Finance Assistant ensures that the order specifies the nature and quantity of the works, goods or services required and any relevant contract or agreed prices to facilitate accurate checking of deliveries, invoices and entering payment onto the financial management system.

The Finance Assistant checks that the goods ordered are appropriate and needed, and that there is adequate budget provision before signing the order.

Prior approval from the Governing Body is obtained for all expenditure above the limit determined.

There is always separation of responsibility between staff raising orders and staff responsible for authorising orders.

All orders are entered on the school's financial system by the Finance Assistant to ensure that commitments against budgets can be monitored.

Orders are not used to purchase items for private and personal use.

### **Delivery of Goods**

All goods and services are checked on receipt, against the copy order and goods receive note for quantity and quality.

The checking officer is different from the officer who signed the order.



The copy order is signed to record receipt and the goods received note attached to the order.

### **Payment of Invoices**

Invoices are matched to the appropriate copy order and delivery note by the Finance Assistant; this is checked for accuracy of quality, price, calculations and VAT.

When invoices are batched and paid, all invoice details, e.g. no, date, net, vat, and gross are written on the order and marked "paid".

All invoices are authorized by the member(s) of staff approved by the Governing Body.

There is segregation of duties between the raising of orders and the authorising of payments.

The payment details are entered into the financial record against the order commitment by the Finance Assistant. This is not the same person that signed the order.

## Appendix 3 Competitive Tendering for Larger Purchases Policy

### Purchasing

The Academy wants to achieve the best value for money from all our purchases. This means we want to get what is needed in the correct quality, quantity and time at the best price possible. A large proportion of our purchases will be paid for with public funds and therefore we need to maintain the integrity of these funds by following the general principles of:

- **Probity**, it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the academy;
- **Accountability**, the academy is publicly accountable for its expenditure and the conduct of its affairs;
- **Fairness**, that all those dealt with by the academy are dealt with on a fair and equitable basis.
- **Value for Money**, the Academy shall aim for: - Economy, minimizing the cost having regard to appropriate quality - Efficiency, an appropriate relationship between outputs and costs - Effectiveness, the achievement of the intended outputs

### Routine Purchasing

Routine purchases up to £1,000 can be requested and are authorised as per the scheme of delegation. A quote or price must always be obtained before any order is placed. The Finance Office have a list of regularly used suppliers, however, if the purchaser considers that better value for money can be obtained by ordering from a supplier not regularly used by the Academy then this must be discussed and agreed with the Finance Office.

All orders must be made, or exceptionally confirmed, in writing using an official order form, stocks of which are held in the Finance Office. Orders must bear the signature of the member of staff requesting the order, they will be countersigned by their line manager as required and must be forwarded to the Finance Office where they will be checked to ensure adequate budgetary provision exists before the order is raised on the Accounting System and emailed (where an email address is held for the supplier) or posted.

**Please see Appendix 2.1 for a Summary of Financial Authorisation Levels and the procedures to be followed for ordering goods up to the value of £100,000.**

### Forms of Tenders

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below.

**Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Finance Director how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

**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,
- a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply 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,
- additional deliveries by the existing supplier are justified.

The tendering method must be agreed in advance with the Finance Director and Executive Director Business & Finance. Final approval will be provided by the CEO.

### **Preparation for Tender**

Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required □ after sales service requirements
- form of contract.

### **Invitation to Tender**

If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

An invitation to tender should include the following:

- Introduction/background to the project;
- Scope and objectives of the project;
- Technical requirements;
- Implementation of the project;
- Explanation of how the tenders will be evaluated □ Terms and conditions of tender and
- Form of response.

### **Aspects to Consider**

#### ***Financial***

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision.
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs.
- Is there scope for negotiation?

#### ***Technical/Suitability***

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

#### ***Other Considerations***

- Pre sales demonstrations
- After sales service
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be

appropriate to have an accountant or similarly qualified person examine audited accounts.

### **Tender Acceptance Procedures**

The invitation to tender should state the date and time by which the completed tender document should be received by the academy. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in the Finance Office prior to tender opening. Tenders received after the submission deadline should not normally be accepted and must be approved by the Head Teacher.

### **Tender Opening Procedures**

1. All tenders submitted should be opened at the same time and the tender details should be recorded in the presence of at least one members of the Governing Body and the Head Teacher / Finance Director.
  
2. A separate record should be established to record:
  - the nature of the goods or materials to be supplied or the works or services to be provided;
  - the name of each supplier or sub-contractor quoting/tendering;
  - the date and time of receipt of each quotation/tender;
  - the date and time of opening of the quotations/tenders;
  - the amount of each quotation/tender;
  - evaluation criteria and results
  - the name of all persons present at the opening of the quotations/tenders

This record must be signed by two people present at the tender opening.

### **Tendering Procedures**

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest, then that person must withdraw from the tendering process.

Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

Full records should be kept of all criteria used for evaluation and a report should be prepared for the Finance & Resources Committee highlighting the relevant issues and recommending a decision.

Where required by the conditions attached to a specific grant from the DfE, the department's approval must be obtained before the acceptance of a tender

<b>Delegated Duty</b>	<b>Value</b>	<b>Delegated Authority</b>	<b>Method</b>
Ordering Goods and Services	Up to £1,000	Budget holder	Orders must be placed on an official order form.
Total commitment value – revenue	£1,001 - £10,000	Business Manager	At least three written quotes
	£10,001 to £50,000	Head Teacher or Executive Director Business & Finance	At least three written quotes
	£50,001 to £100,000	Chief Executive	At least three written quotes
	£100,001 + above	Finance & Resources Committee	Formal tendering process



The Business Manager ensures that estimates for all income are included in the budget and that all income due to the school is collected.

The charging & Remissions Policy for goods and services supplied by the school

All lettings are carried out in accordance with the Lettings Policy attached at Appendix 5

The Finance Officer identifies income due to the school; The Finance Assistant is responsible for collecting and banking the income.

Where invoices are required, they are issued within 30 days and in accordance with V.A.T. requirements.

For income received, an official pre-numbered receipt is issued with a signature. Other records are maintained for small amounts of income.

Cash and cheques are locked in the fireproof safe and do not exceed the agreed insurance limits.

All catering income received is reconciled to the accounting records and banked daily by the Catering Manager.

All income is banked intact and reconciled against the receipts.

Banking / Cash collection should take place regular.

## **Appendix 5**

### **PAYROLL**

Appointments are made in accordance with the Academies Recruitment and Retention Policy.

A valid National Insurance Number is received at the time of a new employee's selection.

More than one person carries out checking, authorising documents and claims relating to appointments, terminations of employment and expenses.

Only authorised members of staff have access to personnel files.

All staff make online claims for expenses / mileage and overtime using the online portal. These are authorised by the nominated authorising officers (usually the Headteacher / Heads PA / Office Manager / HR Officer)

All payments of travel and subsistence allowances are made through the payroll system and not through petty cash or imprest accounts.



An up to date list of staff employed is maintained by the officer responsible for HR and is available from their office.

Checks are made on the monthly reports to ensure that employees listed are actually employed by the school by the Business Manager / Finance Officer, ensuring that old employees have been removed and that all staff are being paid the correct rates and allowances.

## APPENDIX 6

### **Accounting Policies**

#### **Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2016 to 2017 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Consilium Academies meets the definition of a public benefit entity under FRS 102.

#### **Going concern**

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

#### **Income**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

#### **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included

in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

### **Transfer on conversion**

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

### **Transfer of existing academies into the trust**

Where assets are received on the transfer of an existing academy into the trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the Transfer of an existing academy into the trust within Donations and capital grant income.

### **Donations**

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

### **Other income**

Other income including the hire of facilities, is recognised in the period it is receivable and to the extent the charity has provided the goods or services.

### **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not

recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the charity's accounting policies.

The freehold title of the land from which Buile Hill Visual Arts College operates is owned by Salford City Council. Consilium Academies entered into a lease agreement with Salford City Council for the land and buildings from which Buile Hill Visual Arts College operates. The lease is for a peppercorn rent for 125 years from 1 August 2016 except for an earlier termination of the funding agreement.

The building was built under the Private Finance Initiative ('PFI') and is subject to an agreement between Salford City Council and MAMG Asset Management Group Limited, the PFI Contractor. The academy trust has entered into a supplementary schools agreement with Salford City Council concerning the PFI Agreement. Under the terms of the agreement the academy is committed to paying Salford City Council a proportion of its budget in consideration for the Council paying the PFI Contractor the unitary charge under the PFI agreement.

It is the opinion of the trustees that the terms of the lease agreement and the supplementary schools agreement transfer substantially all the risks and rewards of ownership of the asset to the academy trust and therefore the asset was recognised on the balance sheet as a fixed asset, with a corresponding entry to the statement of finance activities in the period of transfer from the local authority.

The buildings were valued at conversion at depreciated replacement cost and are being depreciated over the remainder of their expected life of 32 years.

Land is being depreciated over the period of the 125 year lease.

Payments to Salford City Council in consideration for the Council paying the unitary charge to the PFI Contractor are in respect of maintenance of premises, utilities, catering, ground maintenance, facilities management (caretaking, cleaning), furniture and ICT infrastructure and lifecycle maintenance. As such, they have been analysed under appropriate expense headings in the statement of financial activities in the period to which they relate.

## **Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of

economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

- **Expenditure on Raising Funds**

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading. - **Charitable Activities**

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

**Intangible fixed assets**

Intangible assets costing £11,847 are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Purchased computer software      over 3 years straight line

**Tangible fixed assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful, life, as follows:

Leasehold land	over 125 and 122 years, being the length of the lease
Inherited buildings	over 32, 30 and 19 years, being the remainder of the life of the buildings

Fixtures, fittings and equipment	15% reducing balance
Computer equipment	over 3 years straight line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Long leasehold property is held on a 125 year lease from the predecessor local authority on terms which restrict its use to operation of an academy. It was valued on transfer at depreciated replacement cost.

### **Leased assets**

Rentals under operating leases are charged on a straight line basis over the lease term.

### **Financial instruments**

The academy trust only holds basic financial instruments as defined by FRS102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

### **Stocks**

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

### **Taxation**

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially

exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### **Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objectives of the academy trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency/Department for Education.

### **Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

### **Provisions**

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

### **Critical accounting estimates and assumptions**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of

causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in the notes, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

### **Pension costs and other post-retirement benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in the Pension and Similar Obligations note, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest

income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

### **Conversion to an Academy Trust**

The conversion from a state maintained school to an academy involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred during the year on conversion from Ellesmere Park High School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. On conversion land and buildings were provided on a 125year lease by Salford City Council. No premium was paid on the leases and the rent is one peppercorn. The buildings were valued on conversion or transfer at depreciated replacement cost and are depreciated over the remainder of their expected life. Land was valued on a similar basis at conversion or transfer. Land leased is depreciated over the length of the lease.

Other fixed assets transferred either on conversion or transfer date were valued at original cost less depreciation to the date of conversion.



## Appendix 7

### Consilium Academies Lettings Procedures

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The Consilium Academy's Trust wish to make every reasonable effort to facilitate the use of the Academy premises by the Community as a whole. The purpose of this policy is to:

- provide clear guidance on lettings and the hire of academy premises
- enable safe access to the academy site and premises
- promote the use of academy facilities by the wider community
- safeguard the interests of Consilium Multi Academies Trust and the academy.

### **DEFINITION OF A LETTING**

A letting may be defined as "any use of the academy buildings and grounds by parties other than the academy". A letting must not interfere with the activities of the academy.

Use of the premises for activities such as staff meetings, parents' meetings, Governing Body meetings and extra-curricular activities of pupils supervised by academy staff, fall within the corporate life of the academy. Costs arising from these uses are therefore a legitimate charge against the Academy's delegated budget and do not require a letting agreement.

The academy premises will not be let if there is any reason to believe that any individual or organisation involved in the letting may bring the Trust or the individual Academy's name into disrepute. If any member of staff believes a letting should not be permitted, he/she must report their concerns to the Headteacher.

### **EVENT NOTICES**

Hirers holding an event within the academy premises may require a temporary event notice. Consultation will need to take place with the academy and the Trust regarding such things as:

- Number of people present
- Capacity of the Venue
- Marking of emergency exits
- Provision of emergency lighting
- Safety plans

### **LICENSING**

Some activities and services require specific licences for example:

- Prize Bingo
- Public Entertainment
- Lotteries and amusement licence
- Theatre Licence

The academy has a Public Entertainment Licence and is therefore suitable for functions where this licence is required e.g. academy plays/concert.

### **CHARGES FOR A LETTING**

The Academy LGB or Management Company acting on behalf of the LGB is responsible for setting charges for a letting on the academy premises.

A charge will be levied which includes but is not limited to the following:

- Cost of services (e.g. heating & lighting etc)
- Cost of staffing (e.g. security, caretaking & cleaning etc)
- Cost of “wear and tear”
- Cost for use of academy equipment (if applicable)

The Academy LGB or Management Company acting on behalf of the LGB employs these principles when setting charges for lettings:

- a. Where non profit making community/ voluntary groups are charged below the actual costs then the subsidy will be provided by income already received from other lettings – there must be some overall net income.
- b. The academy retains the discretion to apply discounts to block booking requests. The charges will be reviewed and approved annually by the Academy LGB or Management Company acting on behalf of the LGB. Current charges will be provided in advance of any letting being agreed.

The academy is constrained by law to apply value added tax to all transactions where this is appropriate.

The academy reserves the right to require a deposit over and above the hiring charge as a surety against damage to the premises (including any equipment) or the premises being left in an unacceptable condition incurring additional cost for cleaning, caretaking or other expenses.

The Hirer undertakes to make good any damage to the property of the academy caused by the neglect or default of the Hirer or organisation of his or their agents.

The academy will seek to recover any costs incurred by the academy that are unavoidable and result directly from the cancellation of a letting.

You must provide 24-hours notice of a cancellation of letting. Failure to give sufficient notification will result in the charge of the full session.

Invoices will be issued at the end of each calendar month and payment must be made within 28 days of the date of the invoice. Hirers failing to pay invoices on time will have an additional administration fee of £5.00 added to their bill. Continual failure to make payment will result in referral to the Academy LGB or Management Company acting on behalf of the LGB and may result in termination of contract.

#### **CHARGES FOR USE OF PREMISES - As from 1<sup>st</sup> September**

***These will be approved by the Academy LGB as will the Facilities that are available for hire***

[Insert individual Academy information here]

The academy does not accept any liability for injuries sustained when using academy equipment. Damage to equipment must be reported immediately to the Academy or Management Company acting on behalf of the LGB.)

Variations to the available facilities and times will be subject to the approval of the Governing Body. Areas of the academy will also be unavailable at certain times throughout the year to accommodate the requirements of the academy i.e. examination periods, Open/Parents' Evenings etc. Advanced notification will be given where possible.

### **USE OF PREMISES**

All User Groups will have a named person responsible for the conduct and safety of their group, including access to a mobile phone, and this person must be named on the Transfer of Control Agreement form.

Hirers must ensure that academy equipment other than that specified at the time of the letting shall not be used.

Academy furniture shall not be moved by the Hirer except by arrangement with Academy.

There shall not be any adhesives fixed to walls, floors, ceilings, furniture or fitting and no decoration of any kind shall be put up.

Footwear likely to damage the floors must not be worn.

Litter and property belonging to the Hirer or his agents is to be removed by the Hirer at the end of the period of hire.

### **ANIMALS ON SITE**

Due to Health & Safety reasons animals will not be permitted on-site, with the exception of guide dogs.

### **SMOKING**

Smoking shall not be permitted on site, as any other Trust building. This will also include the use of e-cigarettes.

### **LIABILITY OF HIRER**

The academy shall not be liable for any injury (including injury resulting in death) or damage to or loss of property, which shall or may occur to, or be sustained by the Hirer, his assistants or agents, or others entering the property in the exercise or purported exercise of the hiring (except such injury or damage as may occur by reason of the neglect of the academy).

Hirers are responsible for their own first aid administration, therefore will need to bring their own first aid kit.

### **SECURITY**

The Academy LGB or Management Company acting on behalf of the LGB will determine the security risk for each letting and will be responsible for allocating a continuous security presence or other control measures.

All hirers must only use the part of the academy agreed in the booking, and treat the academy premises and staff with respect. Any damage or incidents must be reported to the Academy or Management Company immediately. The academy retains the right to refuse future bookings and

end current bookings in cases of breach of these conditions. By signing the Hire Agreement the hirer is agreeing to these conditions.

Hirers of the academy should note that CCTV is in operation on all areas of the academy site. Hirers must note that they are restricted to the areas of their agreed Hire, i.e football pitch or sports hall and changing rooms.

The Hirer is reminded of the need to observe Fire Safety.

It is also imperative that the Hirer is aware of their responsibility to ensure the security of the site and manage the arrival and departure of all members of their group accordingly. You must ensure that a member of your group is present to open the main entrance for the arrival and departure of those attending the session. The main entrance doors must be closed throughout your session.

### **MANAGEMENT AND ADMINISTRATIONS OF LETTINGS**

The responsibility for the management of lettings lies with the Local Governing Body of the academy. The Governing Body (or one of its committees) makes the day-to-day management decisions to which powers have been delegated. Direct onsite responsibilities lie with staff who have been delegated powers by the LGB

The Academy or Management Company acting on behalf of the LGB will need to be satisfied that the Hirer is able to manage the let in accordance with academy principles and Trust policies before agreeing to accept the booking. If the Academy or Management Company acting on behalf of the LGB does not feel that satisfactory management procedures will be in place during the let they should not accept the booking application. If the has any concerns about whether a particular request for a letting is appropriate or not, they will consult with the Chair of the Governors who can seek advice from the Trust.

An annual report on lettings will be made to The Local Governing Body and the Trust will include information on users, outcomes, finances, incidents and accidents, enquiries, and any lettings refused.

### **ADMINISTRATIVE PROCESS**

An individual or organisation should approach Academy or Management Company acting on behalf of the LGB to request the use facilities. The type of agreement that is appropriate; Licence Agreement, Transfer of Control Agreement or Permanent Lease Agreement. Risks associated with the let will be considered and acted upon as appropriate.

For all agreements the Academy should maintain a suitable record of current lettings and amounts due. For regular users or block bookings, income due and income received should be recorded, e.g. on control sheets, allowing balances outstanding to be clearly identified. Where lettings income due remains outstanding, prompt and appropriate recovery action should be taken.

### **CANCELLATIONS**

Academy or Management Company acting on behalf of the LGB will seek to recover any cost incurred by the academy which are unavoidable and result directly from the cancellation of a letting as set out in the charging policy.

The Academy LGB or Management Company acting on behalf of the LGB reserves the right to terminate a hiring agreement at any time on reasonable grounds.

The Academy LGB or Management Company acting on behalf of the LGB reserves the right to cancel any booking based on reasonable grounds and shall seek to give one months notice in writing for any cancellation.

Hirers must give 24-hours notice for all cancellations. Failure to notify of a cancellation will result in the full session tariff being charged.

**APPEALS PROCEDURE**

1. If a Hirer has a letting application rejected or agreement withdrawn, they have a right to appeal to the Trust via the Academy, LGB or Management Company acting on behalf of the LGB
2. The appeal should be made in writing and will be presented at the next full meeting of the local Governing Body.
3. The Hirer will be informed of any action and/or decision taken by the Governing Body.
4. The Governing Body's decision is final.

**COMPLAINTS PROCEDURE** See Consilium Academies Corporate Complaints Procedure.