

# Newham Community Learning: Finance Policy

Last updated: November 2024 as v5.0

Review date: December 2025

Applies to: Newham Community Learning and all our schools

Approved by: Trust Board, December 2024 [further to scrutiny by the Board's Finance and Resources Committee in October 2024]

*Note: The Trust has a separate Business and Pecuniary Interests Policy, and a separate Gifts and Hospitality Policy which is published alongside this Policy on the website.*

*This policy includes the Trust's strategic procurement arrangements.*

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# 1. Overview of the Policy Management Process

## 1.1. Document history

Date	Revision	Version number (substantive revisions are allocated a new whole number; minor revisions are designated by the addition of a consecutive decimal point)
Sept 2021	NCST Trust level Finance Policy in place	v1.0
Sept 2022	<p>Reviewed, updated and released as a Newham Community Learning Policy. All arrangements reviewed and where applicable, separate primary/secondary arrangements detailed.</p> <p>Agreed to have Finance as a single policy at Newham Community Learning.</p> <p>Review included review of the requirements in the September 2022 Academy Trust Handbook</p> <p>Change of capitalisation limit from £2000 to £5000</p>	v.2.0
Dec 2022	No changes, but reviewed and approved by the Trust Board	V. 2.0
Dec 2023	<p><i>Updates made according to the guidance noted below as well as recommendations from the audit report and action plan:</i></p> <p><b>Administrative updates</b></p> <ul style="list-style-type: none"> <li>- All hyperlinks reviewed and updated as required</li> </ul> <p><b>ESFA Reserves Guidance</b></p> <ul style="list-style-type: none"> <li>- 2.25 - Reserves - additional detail as per <a href="#">November 2023 DfE guidance</a></li> </ul> <p><b>Successful ESFA Finance and Governance Audit (October 2022)</b> - follow up in April 2023 re <i>recommendations</i> for incorporation into this review of the Trust's Finance Policy; details of the following:</p> <ul style="list-style-type: none"> <li>- Management of capital projects;</li> </ul>	v3.0

	<ul style="list-style-type: none"> <li>- Reference to be made to the Public Contracts Regulations 2015 and Find a Tender service;</li> <li>- Section 2.11.2 - added: 'at cost' requirement - detail provided;</li> <li>- Section 2.6 - Internal scrutiny - added to;</li> <li>- Section 2.8 - added: staff training</li> <li>- 2.35.2 - Preparation for tender - added to regarding seeking professional advice</li> </ul> <p>NOTE - recommendations already incorporated into the September 2022 policy since the audit:</p> <ul style="list-style-type: none"> <li>- Non-contractual severance payments - self approve up to £50K with ESFA approval required above this</li> <li>- Details regarding informing the ESFA about related party transactions</li> </ul> <p><b>Academy Trust Handbook - September 2023</b>  <i>The table of changes in the Handbook has been reviewed; in most cases the policy already reflects the new guidance, but where this is not the case, it has been updated accordingly.</i></p> <ul style="list-style-type: none"> <li>- 2.11.1 - Reporting and approval of related party transactions - section added</li> </ul> <p><b>Recommendations received from audit and action plan - 2022</b></p> <ul style="list-style-type: none"> <li>- 2.22 - outline of processes around both issue and retrieval of purchasing cards added and new process put in place</li> <li>- Forms developed for use across the Trust and staff briefed accordingly</li> </ul> <p><b>Review of all hyperlinks to website pages referenced - updated for the new website - January 2024</b></p>	
June 2024	<p>2.29.4 - description of arrangements in place to ensure that charging for services delivered to other schools can be arranged.</p> <p>2.31.1 - updated Lettings arrangements to include clear articulation of safeguarding responsibilities.</p> <p>2.34.1 - Trust's funds not to be used for purchase of alcohol.</p> <p>2.50.1 - management of payment cards flagged and noted that a single Google Form is available.</p>	v3.1
October 2024	<p>Review of Academy Trust Handbook requirements.</p> <p><i>Internal scrutiny</i> - v3.1 already states that this will be managed by an external auditor as required for Trusts with a turnover of &gt; £50m from September 2025</p>	V4.0 - this version approved by FARC - 10 Oct 24

	<p><i>Clear policy of mgt of reserves</i> - v3.1 already includes arrangements for managing and reporting on Trust reserves as required Reporting to be included in the Annual Report for the year ended August 2024</p> <p><i>Cyber Security Standards</i> - these are managed through other operational channels</p> <p><i>Estates</i> - strategic management and reporting are managed through the Trust's Estates and Premises - Strategy and Management Plan</p> <p><i>Appointment of governance professional</i> - documented in the Handbook</p> <p><i>Annex A - Expenditure approval limits</i></p> <ul style="list-style-type: none"> <li>- Changes to approvers to reflect new structure, as well as minor changes to limits within current categories</li> <li>- Addition of finance personnel approval at all stages as applicable</li> <li>- Addition of Band 4 category of over £100,000 and associated Trust Board approval required</li> <li>- Associated Google Form and workflow developed and implemented to ensure a clear audit trail of expenditure / contract decisions and implemented.</li> <li>- Committee to note that there may be final small amends as the forms and requestor template are worked through.</li> </ul>	
Nov 24	<p><i>2.34 - Purchasing</i></p> <ul style="list-style-type: none"> <li>- Current information removed as out of date. New purchasing arrangements have been outlined and are included as part of the procurement strategy provided in Appendix 1</li> </ul> <p><i>2.35 - Tendering</i></p> <ul style="list-style-type: none"> <li>- Significant revisions required due to digital procurement arrangements replacing paper based arrangements. Relevant information moved to inclusion in Appendix 1</li> </ul> <p><i>Annex A - Expenditure approval limits</i></p> <ul style="list-style-type: none"> <li>- Band 2 - changed in line with public sector procurement rules threshold of spend of £30,000 for schools, after which</li> </ul>	



	public sector procurement rules apply <i>Appendix 1 - Trust Procurement Strategy</i> <ul style="list-style-type: none"><li>- Added in preparation for the implementation of the Procurement Act 2023 regulations in February 2025</li></ul>	
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## 1.2. Review and approval

The Trust Finance Policy applies to the whole Trust. It is reviewed by the Executive Team (and/or their delegates) and is then presented to the Trust Board for approval (via a relevant board committee if appropriate).

It is reviewed in line with the Trust Policy Review Schedule.

## 2. Newham Community Learning - Finance Policy

### 2.1. Introduction and purpose

The purpose of this policy is to ensure that the academy maintains and develops systems of financial control, which conform with the requirements of propriety, regularity and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Secretary of State for Education, through the Education and Skills Funding Agency (ESFA).

The Trust must comply with the principles of financial control outlined in the Academy Trust Handbook (also previously known as the Academies Financial Handbook).

This policy is a framework for sound financial management and boundaries within which the Headteacher, governors and staff can operate. It should be read in conjunction with the Trust's Leadership and Governance Decision Planner, published on the [Funding and Scheme of Delegation Page](#) of the Trust's website.

### 2.2. The seven principles of public life

The Trust is committed to the 'seven principles of public life' and the ESFA has emphasised that Accounting Officers must adhere to these. These are:

- *Selflessness*. Holders of public office should act solely in terms of the public interest.
- *Integrity*. Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- *Objectivity*. Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- *Accountability*. Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- *Openness*. Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- *Honesty*. Holders of public office should be truthful.

- *Leadership*. Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

## 2.3. Definitions

### 2.3.1. The meaning of ‘member’

The members of an academy Trust have a different status from the trustees. The members are the subscribers to the Trust’s memorandum of association, and any other individuals permitted to become members under its articles of association. Members have an overview of the governance arrangements of the Trust and have the power to appoint trustees and remove these trustees.

Members can amend the articles and may do so to support stronger governance arrangements.

### 2.3.2. The meaning of ‘Trustee’, ‘director’ and ‘governor’

The trustees are the same body of people as both the directors of the company and the ‘governors’ of a single academy Trust. These words are used interchangeably.

They are the people responsible under the Trust’s articles of association for controlling its management and administration. They have responsibility for directing its affairs, and for ensuring that it is solvent, well-run, and delivering the Trust’s charitable outcomes for the benefit of the public.

## 2.4. Proper and regular use of public funds

The Trust must ensure that:

- Spending of funds has been for the purpose for which the funds were given.
- No Trustee, governor, employee or connected party has benefited personally from the use of Trust funds.
- All trustees have completed the register of business interests and there are measures in place to manage any conflicts of interest.
- There are no payments to any Trustee unless such payment is permitted by the articles of association and, where applicable, comply with the terms of any relevant agreement entered into with the Education Secretary.
- The senior officers’ payroll arrangements fully meet their tax obligations and comply with the Treasury’s directions regarding the employment and contract arrangements of individuals on the avoidance of tax.

- There is probity in the use of public funds.
- A competitive tendering policy is in place and applied.
- There is no disposal of publicly funded assets without the Education Secretary's consent, where such consent is required.

## 2.5. Management of Risk

The Trust has in place a policy for the management of risk which includes the requirement for the regular maintenance and review of a comprehensive risk register, which reflects the Trust's Risk Management Policy (published on the [Policies Page](#) of the website). The risk register contains details of designated individuals who oversee particular areas of risk. It is presented to the finance committee for discussion on an annual basis or more frequently if the Trust's activities change.

The Trust's risk management policy includes the requirement for a business continuity plan and contingency arrangements which would come into effect in the event of a disaster in order to ensure day-to-day operations are maintained.

The Trust's anti-fraud policy is reviewed on an annual basis and is in place to minimise the risk of fraud or theft within the academy. In the event of a report of potential fraud, the provisions of the anti-fraud policy are invoked.

Risk management arrangements are monitored by the finance committee and reported to the Trust Board at least annually, and more frequently if the Trust's or schools' activities change.

## 2.6. Internal Scrutiny

As per the Academy Trust Handbook, Newham Community Learning:

- Has a programme of internal scrutiny to provide assurance to the Trust Board that its financial and non-financial controls and risk management procedures are operating effectively;
- Has appointed an external auditor to ensure that in addition to the work of Trust staff in this area, independent assurance is provided.

As per the Academy Trust Handbook's requirements, the Trust's programme focuses on:

- *Evaluating* the suitability of, and level of compliance with, financial AND non-financial controls in use across the Trust;
- *Offering advice and insight* to the Trust Board as to how to address weaknesses in financial and non-financial controls; and
- *Ensuring that all categories of risk* are being adequately identified, reported and managed.

The internal scrutiny programme is agreed annually by the Trust's executive, in conjunction with the Chair/Vice Chair of trustees. This planning uses the Risk Register to inform areas of focus. The Trust's Audit and Risk Committee oversees risk, external audit and internal scrutiny and uses its meetings to review these areas in detail before making any recommendations to the Trust Board.

The planning and implementation of this work includes information from a variety of sources, including external audit recommendations and recommendations agreed by the Trust's Finance Group which meets regularly to share best practice and to agree appropriate systems and processes.

## 2.7. Roles and Responsibilities

The Trust through the terms of reference have defined the responsibilities of each person involved in the administration of Trust finances to avoid the duplication or omission of functions and to provide a framework of accountability for trustees, governors and staff. In summary the key responsibilities are listed below but reference should be made to the full terms of reference agreed annually by the Board. The roles of the Trust members, trustees, local governing body, CEO and Headteachers regarding Trust finance form part of the published over-arching Scheme of Delegation as outlined in the Leadership and Governance Decision Planner, available on the [Funding and Scheme of Delegation page](#) of the website.

### 2.7.1. The Trustees

The trustees have overall responsibility for the administration of the Trust's finances. The main responsibilities of the trustees are prescribed both in the Funding Agreement between the Trust and the ESFA and through both Company and Charity law. The main responsibilities include:

- ensuring that grant from the ESFA is used only for the purposes intended;
- approval of the annual budget including the staffing establishment;
- appointment of the CEO, Headteachers, CFO and SLT;
- authorising expenditure and applications for grants above the level of delegated authority of committees; and
- annually agree the Scheme of Delegation of Financial Powers to the CEO, Headteachers, CFO and School Business Managers.

### 2.7.2. The Local Governing Body

The Local Governing Board has the lead responsibility for the administration of the School's finances. The main responsibilities of the governors are prescribed both in the Funding Agreement between the School and the ESFA and through both Company and Charity law. The operation of Local Governing Bodies across the Trust are described in the Terms of Reference, which are

published on the [Funding and Scheme of Delegation page](#) of the Trust's website. The main responsibilities include:

- ensuring School-level resource is applied appropriately;
- consideration of the School's required funding and support to the trustees in relation to the annual budgetary process;
- seeking value for money and being able to demonstrate that value for money has been achieved;
- monitoring and reviewing expenditure on a regular basis and ensuring compliance with the overall financial plan for the School;
- maintenance of proper accounting records and the preparation of income and expenditure and balance sheets as required by the School Business Manager;
- assist the trustees in complying with the provisions of the Funding Agreements where requested from time to time;
- maintenance of or putting in place appropriate arrangements for the maintenance of the Trust's estate in accordance with the guidelines established by the Trust;
- implementation of Trust's procurement policies insofar as they impact on the School;
- manage the School's cash flow and monitor expenditure by the School in accordance with policies determined by the trustees;
- notify the Trust of any changes to fixed assets used by the School; and
- observing proper levels of delegation and protocols, in conjunction with the Chair of the Trust Resources Committee.

### **2.7.3. The Trust's Finance and Resources Committee**

The Trust Resources Committee is a committee of the board of trustees, and has an associated Terms of Reference which is published on the [Funding and Scheme of Delegation page](#) of the Trust's website. The Trust's Finance and Resources Committee meets at least termly but more can be arranged if necessary. The financial responsibilities are summarised below:

- oversight of the operation of the Trusts Financial procedures and transactions through review of reports;
- the initial review of the annual budget and recommendation to the Board of trustees, including staffing establishment;
- the regular monitoring of actual expenditure and income against budget and compliance with funding agreement;
- ensuring that the annual accounts are produced in accordance with the requirements of the Companies Act 2006 and the ESFA guidance issued to Trusts, and recommend them to the Resources Committee;
- exercising delegated powers as set out below in approving expenditure, banking arrangements and asset write-offs;
- ensuring the external auditor is suitably qualified, independent and providing the correct service to the Trust;
- reviewing and reporting on the internal control framework and its effectiveness;
- assessing risks to the organisation, maintaining the risk register and reporting to the Board; and

- handling allegations from whistle-blowers (if appropriate).

#### 2.7.4. The Trust's Audit and Risk Committee

The Trust's Audit and Risk Committee oversees these areas and meets at least termly, or more frequently if required. The Terms of Reference is published on the Trust's website.

#### 2.7.5. Chief Executive Officer

The Trust's designated Accounting Officer is the chief executive officer who has personal responsibility to the Trust Board, parliament and the Accounting Officer of the ESFA for the resources under their control. The essence of the role is:

- assuring the Trust Board of compliance with the requirements of the Academy Trust Handbook and the Funding Agreement;
- taking personal responsibility for the regularity, propriety and value for money in the use of the Trust's funds;
- ensuring the maintenance and preparation of proper accounts;
- ensuring that the Trust's property is under the control of the trustees and that fixed asset registers are maintained;
- prudent and economical administration;
- the avoidance of waste and extravagance;
- the efficient and effective use of all of the resources in their charge;
- ensuring that procedures for the effective segregation of duties are in place;
- the day-to-day organisation, staffing and management of the Trust; and
- completion and signature of an annual statement on regularity, propriety and compliance.

This role does not remove the responsibilities of the Trust Board/trustees as defined within the Academy Trust Handbook and in the Trust's financial procedures manual.

The Accounting Officer must advise the Trust Board in writing if, at any time, in his or her opinion:

- any action or policy under consideration by the Trust Board is incompatible with the terms of the Academy Trust Handbook, the Articles of Association or any of the Funding Agreements in place at Trust or School level; and/or
- the board appears to be failing to act where required to do so by the terms and conditions of the Academy Trust Handbook, the Articles of Association or any of the Funding Agreements in place at Trust or School level.

If the board proceeds, contrary to the advice of the Accounting Officer, and the Accounting Officer believes that they are in breach of the Academy Trust Handbook, the Articles of Association or the Funding Agreements in place at Trust or School level, the Accounting Officer must advise the ESFA's Accounting Officer of the position in writing.

### 2.7.6. Headteachers

The Headteachers of each School are responsible for ensuring the Schools remain within their budgeted expenditure. They also have the following responsibilities.

- approving new staff appointments within the authorised establishment, except for any senior staff posts which the Governing Body has agreed, which should be approved by them in conjunction with the CEO;
- authorising contracts within the budget in line with the approved Scheme of Delegation; and
- signing cheques or authorising BACs payments in line with the approved Scheme of Delegation

### 2.7.7. Chief Financial Officer

The Chief Financial Officer (CFO) is a corporate officer primarily responsible for managing the financial risks of the Trust. The CFO is also responsible for financial planning and record-keeping, as well as financial reporting to the Trust Board. Key accountabilities include:

- devising appropriate accounting procedures to control, monitor and disburse each School's budget including routine financial arrangements;
- developing and updating the computer-based financial and management accounting systems for the Trust and each School;
- preparing and submitting the necessary documentation for the recovery of VAT;
- contributing to the development and review of a 3-year strategic business plan ensuring objectives are linked to the overall long term financial plan of the Trust;
- work with the Schools' Finance Teams to ensure production of monthly management accounts, as well as appropriate reports and financial forecasts for the Trust, whilst ensuring timeliness and accuracy;
- ensuring timely and effective availability of financial information for trustees and provide general support to ensure the effective conduct of their business in accordance with the articles of governance and Financial Regulations Policy.
- liaising with auditors and facilitating all audit arrangements; and
- advising the CEO and the Board on external and internal audit arrangements.

### 2.7.8. The Finance Function

The main responsibilities of the finance function (which includes School School Business Managers and other finance staff) are:

- the establishment and operation of a suitable accounting system;
- ensuring resources are being managed in an efficient, economical and effective manner;
- the management of the financial position at a strategic and operational level within the framework for financial control determined by the trustees;



- implementation and operation of rigorous and robust audits and control;
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records;
- the preparation of monthly and annual financial reporting including management accounts; and
- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance.

### 2.7.9. Other staff

Other members of staff will have some financial responsibilities. All staff are responsible for the security of Trust property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the Trust's financial procedures.

## 2.8. Staff Training

The Trust has the following systems of safer recruitment, professional development and training in place:

- *Safer recruitment*: all finance jobs have job descriptions attached, which clearly detail the requirements of the roles. Candidates are assessed against these job descriptions; prior knowledge and experience are also taken into account.
- *External support*: as a new Trust, external support has been deployed in the function, in order to provide both operational support and training.
- *Professional development*: a number of colleagues are undertaking finance related studies in order to bring additional skills to their roles.
- *Training*: all staff working in finance roles, or with finance as an element of their roles, are provided with the necessary training around the systems, processes and policies in place across the function.
- *Finance Working Group*: under the guidance of the COO and CFO, this group of colleagues meets regularly to ensure best practice and to support problem solving.

Newham Community Learning is in its second year of operation as a group of six schools. The way in which all operational and teaching and learning functions are organised to support school improvement and to ensure compliance is subject to ongoing review. This ensures that the skills and aptitudes of staff at the Trust are effectively deployed and further developed.

## 2.9. Segregation of Duties

Within the Trust, segregation of duties is achieved between the finance personnel, School Business Manager and other designated personnel performing finance related roles, CFO and Headteachers and is achieved through the controls set out in this regulation.

## 2.10. Register of Pecuniary Interests

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 governors and staff with significant financial or spending powers 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 on the [Statutory Reporting page](#) of the Trust's website. The way in which these declarations are managed is described in the Trust's separate, publicly available Business and Pecuniary Interests Policy.

In line with the arrangements in the Academy Trust Handbook, the register should include all business interests such as directorships, shareholdings or other appointments of influence. They should also include declarations of any appointments as trustees or governors of other educational institutions. 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 governor or a member of staff by that person.

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

## 2.11. Related Party transactions

Trusts must be even-handed in their relationships with connected parties by ensuring that:

- trustees understand and comply with their statutory duties as company directors to avoid conflicts of interest, not to accept benefits from third parties, and to declare interest in proposed transactions or arrangements;
- all members, trustees, local governors of Schools within a Trust, and senior employees have completed the register of interests retained by the Trust, in accordance with Academy Trust Handbook sections, and there are measures in place to manage any conflicts of interest;
- no member, Trustee, local governor, employee or related individual or organisation uses their connection to the Trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the Trust;
- there are no payments to any Trustee by the Trust unless such payments are permitted by the articles, or by express authority from the Charity Commission and comply with the terms of any relevant agreement entered into with the Secretary of State. Trusts will in particular need to consider these obligations where payments are made to other business entities who employ the Trustee, are owned by the Trustee, or in which the Trustee holds a controlling interest;
- the Charity Commission's prior approval is obtained where the Trust believes a significant advantage exists in paying a Trustee for acting as a Trustee; and

- any payment provided to the persons referred to in the Academy Trust Handbook satisfies the 'at cost' requirements in this Handbook.

The board of trustees must ensure that the requirements for managing connected party transactions are applied across the Trust. The chair of the board of trustees and the Accounting Officer (as senior executive leader) must ensure that their capacity to control and influence does not conflict with the requirements laid out in the Academy Trust Handbook.

Trusts must seek ESFA's prior approval for transactions with connected parties that are novel, contentious and/or repercussive. Trusts should carefully consider the impact of this requirement and its relevance to transactions involving the chair of the board of trustees and the Accounting Officer.

### 2.11.1. Reporting and approval of related party transactions

Trusts must obtain ESFA's prior approval, using ESFA's related party on-line form, for contracts and other agreements for the supply of goods or services to the trust by a related party agreed on or after 1 September 2023 where a contract or other agreement exceeds £40,000 in the same financial year ending 31 August.

This approval requirement *does not apply* in the following circumstances:

- contracts and other agreements for the supply of goods or services to a trust by the following educational establishments:
  - colleges, universities and schools which are sponsors of the academy trust, or
  - state funded schools and colleges, including academies.

This concession does not apply to transactions with a subsidiary of such a related party.

### 2.11.2. 'At Cost' requirement

Newham Community Learning ensures that, in all applicable contexts, the 'at cost' requirement is adhered to. This states that the the Trust must pay no more than 'cost' for goods or services ('services' do not include contracts of employment) provided to it by the following persons (where 'persons' applies to both individuals and organisations):

- Any member of trustee of Newham Community Learning;
- Individuals or organisations related to a member or trustee<sup>1</sup>;
- Any individual or organisation given the right under the trust's articles of association to appoint a member or trustee<sup>2</sup> - or any body connected to such an individual or organisation; or;
- Any individual or organisation recognised by the Secretary of State as a sponsor of the academy trust; or any body connected to such individual

<sup>1</sup> The Academy Trust Handbook provides additional detail in this area.

<sup>2</sup> Not currently applicable for Newham Community Learning but included for completeness.

The 'at cost' requirement applies to contracts with a related party exceeding £2,500, cumulatively, in any one financial year. Where a contract takes the trust's cumulative annual total with the related party beyond £2,500, the element above £2,500 must be at no more than cost.

For these purposes the cost will be the 'full cost' of all the resources used in supplying the goods or services and must not include any profit. Full cost includes both (a) all direct costs (costs of materials and labour used directly in producing the goods or services) (b) indirect costs (a proportionate share of fixed and variable overheads).

## 2.12. Financial Planning

The Trust will prepare rolling 3 year budgets.

### 2.12.1. The Budget Cycle

The budget cycle is as follows:

- Autumn term (Sept – Dec)
  - Implementation of current budget plan
  - Monitoring expenditure (continuous-monthly)
  - Reconciliation and closure of previous financial year
- Spring term (Jan – Mar)
  - Monitoring and Reviewing of year's budget
  - Revised Budget where appropriate
  - Pre-planning new financial year
- Summer term (Apr – Aug)
  - Planning for forthcoming year
  - Preparation and submission of financial budget plan
  - Review of current year's budget

All requirements of the ESFA, in particular relating to carry forward of unspent funds, will be taken into account in preparing and submitting the budget.

### 2.12.2. Budget

The School School Business Manager/school staff with finance responsibilities at each school, in conjunction with the Chief Finance Officer (CFO) is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the Headteacher, the Local Governing Board, Chief Executive Officer (CEO), Trust Resources Committee and the Trust Board - in line with the arrangements described in the Trust's Leadership and Governance Decision Planner, published on the [Funding and Scheme of Delegation page](#) of the Trust's website.

The annual budget will reflect the best estimate of the resources available to each school for the forthcoming year and will detail how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of the likely number of pupils to estimate the amount of General Annual Grant;
- latest estimate of other ESFA funding e.g. pupil premium, Universal Free School meals or other specific funds;
- review of other income sources available to the Trust to assess likely level of receipts;
- review of past performance against budgets to promote an understanding of the Trust's cost
- identification of potential efficiency savings;
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes;
- all carry forward balances;
- any unspent grants from the previous financial year; and
- any funds held in Trust.

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need in accordance with the Development Plan.

If there is a significant (over 10%) departure from the anticipated total budget carry forward this will be escalated to the Trust Board by the Trust Resources Committee.

The approved budget is then entered onto the finance system (PS Financials) at the start of the new financial year.

### **2.12.3. Other Government Funding**

In addition to GAG funding from ESFA the Trust may be awarded specific funding for other projects e.g. Condition Improvement Funds, Character Bid funding, Additional Special Educational Needs funding etc. This funding may be from the Department of Education or Local Authority. All government funding will be spent in accordance with the terms and conditions imposed, accurately recorded as government income (restricted) and audited externally annually.

The School Business Manager/appropriate finance personnel are responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

### **2.12.4. Other Grants and Specific Funding**

In addition to the GAG funding from the ESFA, the MAT and other government funding, the MAT

may be awarded additional grants from time to time relating to specific projects e.g. Sport England Funding, Football Foundation Funding, Charitable Grants etc. All applications for additional external funding must be approved and supported by the Headteacher. All external funding and grants will be spent in accordance with the terms and conditions imposed, accurately recorded as income specific to a certain project and audited externally annually.

The School Business Manager/appropriate finance personnel are responsible for recording income and expenditure for each grant, providing a reconciliation within the monthly management accounts.

#### **2.12.5. Funds held in Trust**

Where funds are held in Trust the School Business Manager is responsible for ensuring accurate recording of the income and expenditure, as well as ensuring the funds are recognised separately as set out in the memorandum and articles.

#### **2.12.6. Virements**

Substantial virements shall be approved and minuted by the Trust Resources Committee and should be within the agreed criteria and financial limits.

The CEO is given delegated power to vire from one budget to another and shall seek approval from the Trust Resources Committee and retrospectively where the amount exceeds £20,000.

Headteachers are given delegated power to vire from one budget to another and shall seek approval from the Trust Resources Committee and retrospectively where the amount exceeds £20,000.

All virements exceeding £20,000 of the budget shall require approval from the Trust Resources Committee.

#### **2.12.7. Revised Year End Forecast**

Monitoring and analysis of the agreed budget should be carried out on a termly basis by the CEO and reports forwarded to the Trust Resources Committee. Where significant variations to the agreed budget are identified or where a number of substantial virements have been approved by the Trust Resources Committee and or where significant staff changes have occurred in-year, then a Revised Year End Forecast should be prepared and approved by the board of trustees. This Revised Year End Forecast should then form the basis of analysis of all income and expenditure until the financial year end.

#### **2.12.8. Budget Forecast Return**

The approved budget must be submitted to ESFA by 31 July each year by the CFO. The CFO is responsible for establishing a timetable, which allows sufficient time for the approval process and

ensures that the submission date is met.

### **2.12.9. Monitoring and Review (including management accounts)**

Monthly reports are prepared by the School School Business Managers. These reports include:

- actual income and expenditure against budget (shown as month to date and cumulatively);
- cashflow forecast for the financial year;
- a balance sheet for the period to date; and
- a one page summary highlighting and explaining variances of at least 5% or £10,000 (whichever is smaller).

Any potential overspend against the budget must in the first instance be discussed with the Headteacher.

The monthly reports are sent to the CEO and CFO, who in turn will share with the Chair of trustees on a monthly basis.

The CEO (in their role as Accounting Officer) reviews the following documents termly to ensure the Trust is working within the boundaries of regularity and propriety:

- reviews management accounts;
- reviews compliance against the scheme of delegation;
- reviews transactions for evidence of connected party transactions; and
- value for money practice.

The Accounting Officer has delegated the following responsibilities to the CFO:

- adherence to tendering policies;
- review of transactions confirming in line with delegated authorities as set out by the Academy Trust Handbook; and
- review of trustees/governors' minutes.

### **2.12.10. School Level Budget Monitoring**

The Headteacher and governors regularly monitor income and expenditure against agreed budgets and maintain financial control by reviewing the current position and taking remedial action where necessary.

The School Business Manager/appropriate finance personnel produces regular budget monitoring reports for income and expenditure, including sums committed but not yet paid and outturn forecasts, against the approved budget. The approved budget is the original budget approved by governors and any approved virements.

The Headteacher will provide reports to the Local Governing Body termly in accordance with the agreed timetable and minimum reporting requirements. These reports will show any significant variances against the budget with explanatory notes and, where necessary, remedial action plans including virements.

The Headteacher monitors expenditure on the initiatives set out in the School Improvement Plan.

Where budget elements have been devolved, departmental budget holders are responsible for comparing the amount spent or committed to date against their budgets. All budget holders will be provided with monthly budget reports.

The School Business Manager/appropriate finance personnel produces regular cash flow forecasts for all funds to ensure that the school does not go overdrawn.

## 2.13. Annual Accounts

The Trust must prepare annual audited financial statements for the accounting period to 31 August.

The accounts are outsourced to our auditors for preparation:

The accounts are then submitted as follows:

- by 31 December – to ESFA
- by 31 January – published on our own website
- by 31 May – to Companies House

## 2.14. Value for Money Statement

As part of the annual accounts the Trust must include 3 focussed examples of value for money.

The CEO is responsible for collating the examples which are then confirmed by the Trust Resources Committee.

## 2.15. Audit Arrangements

External auditors must be appointed in accordance with the Academy Trust Handbook.

The CFO is responsible for managing the audit process, by liaising with the auditors, arranging the timetable for accounts and audit completion and ensuring deadlines are met.

## 2.16. Work undertaken during the Accounting Period

The School Business Managers/appropriate finance personnel are responsible for the following tasks to be undertaken during the year to facilitate a smooth audit process:



- reviewing the structure of the trial balance;
- maintaining a fixed asset register;
- maintaining income and expenditure records (including filing of invoices);
- reviewing aged debtors for any provisions required;
- maintaining a record of related and connected party transactions;
- control account reconciliations (bank, wages, debtors, creditors); and
- monitoring and reporting to the Accounting Officer and board of trustees.

## 2.17. Work undertaken for the year end

The School Business Managers/appropriate finance personnel are responsible for the following tasks to be undertaken at the end of the year to facilitate a smooth audit process:

- stock take and including of year-end stock value;
- prepayments for IT licences;
- prepayments or accruals for grant income;
- control account reconciliations (bank, wages, debtors, creditors);
- close down of the purchase ledgers;
- close down of the sales ledgers and aged debtors;
- pension valuations; and
- pension audit.

## 2.18. Accounts Return

The Trust must prepare an annual accounts return for the accounting period to 31 August, which is submitted to the ESFA by the annual specified deadline in January.

The accounts return is outsourced to our auditors for preparation.

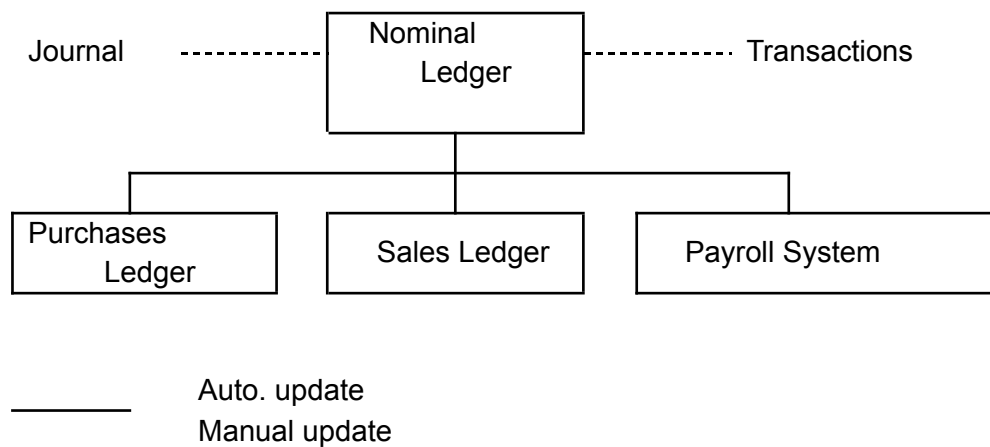
## 2.19. Document Retention

Documents are retained for the following amount of time:

- Finance records – current year plus preceding 6 years
- Supply cover insurance – current year plus preceding 6 years
- Payroll and travel records – current year plus preceding 6 years
- Personnel records – 5 years after an employee has left
- All student files until the student reaches the age of 21

## 2.20. Accounting System

All the financial transactions of the Trust must be recorded into PS Financials Accounting, the computerised financial information accounting system. This system is operated by the Finance Department and consists of:



### 2.20.1. System Access

Access to the system is password restricted to *the School Business Managers and Finance personnel*, or any others staff who have been authorised by the Accounting Officer e.g. external consultants or auditors

### 2.20.2. Back-up Procedures

The accounting system is a cloud based system and backed up by the supplier.

### 2.20.3. Transaction Processing

All transactions input to the accounting system must be authorised in accordance with the procedures specified in this manual.

### 2.20.4. Reconciliations

The School Business Managers/appropriate finance personnel are responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- sales ledger control account
- purchase ledger control account
- payroll control account
- VAT control account
- all suspense accounts
- bank balance per the nominal ledger to the bank statement

The Headteachers sign all reconciliations as evidence of review.

Any unusual or long outstanding reconciling items are brought to the attention of Headteacher and dealt with according to the bad debt limits in this manual.

## 2.21. Cash Management

### 2.21.1. Bank Accounts

The following procedures must be followed when opening a bank account and operating it:

- the Trust is responsible for selecting the banking institution and negotiating the terms and conditions;
- the trustees must authorise the opening of all bank accounts;
- the Trust will ensure that in the event of changes to key personnel or governors/trustees, signatories will be changed immediately and the bank notified. Any on-line access to banking will also be removed;
- terms of arrangements, including cheque signatories or BACS authorisations and the operation of the accounts must be formally recorded and agreement minuted;
- the Trust must inform the bank, in writing, that their accounts must not become overdrawn; and
- the Trust must ensure there are sufficient funds to cover large payments.

### 2.21.2. Deposits

A deposit must be entered on a copy paying-in slip or listed in a supporting book with the following details:

- the amount of the deposit
- a reference (for example the number of the receipt or the name of the debtor)

The School Business Managers/appropriate finance personnel are responsible for updating the accounting system (within 2 working days) for deposits placed.

### 2.21.3. Payments and withdrawals

All cheques and other instruments authorising withdrawal from school bank accounts must be in line with the requirements of this Policy. This provision applies to all accounts, public or private, operated by or on behalf of the governing body of the School including funds held in Trust.

### 2.21.4. Administration

The School Business Managers/relevant finance personnel ensure that bank statements are received regularly and that reconciliations are performed at least on a monthly basis.

Reconciliation procedures must ensure that:

- all bank accounts are reconciled to the schools' cash books at least once a month;
- reconciliations are prepared by the Finance Department;
- reconciliations are subject to an independent monthly review carried out by the

- Headteacher; and
- adjustments arising are dealt with promptly.

### 2.21.5. Petty Cash

Each School maintains a maximum cash balance of £500 for the purchase of minor items, which is held in the safe and is the responsibility of the School Business Manager/relevant finance personnel.

The petty cash float must not be used for:

- cashing personal cheques and/or
- paying staff loans

#### *Payments*

In the interests of security, petty cash payments are limited to £50. Payments are made on production of a valid till receipt or other proof of payment and are subject to the same authorisation procedures as purchases from the main bank account.

#### *Administration*

The petty cash float is maintained on the imprest system and the float is only reimbursed from the main bank account.

The petty cash float is reconciled monthly and reviewed by *the Headteacher* and initialled as evidence of review.

The *Internal Auditors* may carry out a spot check of the petty cash.

## 2.22. E-procurement and Payments

The School/Trust credit card is used only when it is not practical to use the purchase order/cheque system. It is used mostly for internet purchases. The card is kept in the safe and is only used by authorised staff members.

Any department wishing to make a purchase on credit card must complete a requisition form and pass this to the School Business Manager/relevant finance personnel, or administrative staff to make the purchase. All requisition forms detailing the purchase must be signed by the Budget Holder.

When the credit card bill arrives there will be a signed requisition form relating to each entry on the statement, a VAT invoice is required for all purchases and it is sometimes necessary to chase suppliers for this. A cash book journal is keyed for each entry on the statement.

The credit card bill, along with all the relevant requisition forms are then given to the School

Business Manager/relevant finance personnel who will check the statement and sign an authorisation sheet.

All new starters who require access to a purchasing card, will be directed to complete the relevant Trust form, including specifying a locally arranged spending limit. This is then forwarded to the Trust Central Finance Team for authorisation, enabling the card to be issued. The form also contains declarations which specify agreement with the conditions of use and the arrangements for security of the card for the requesting member of staff to complete, further to discussion with their line manager.

On leaving the organisation, the cardholder is required to complete the relevant form, including the relevant declarations and confirmation of the last day of use of the card. They will also need to declare that the card has been cut in half through the smartcard chip and that they have returned it to the relevant member of the school management team. This will be approved by the relevant finance personnel.

## 2.23. Fuel Charge Cards

The use of Fuel Charge Cards is an acceptable method of purchasing fuel and reduces the handling of cash. Use of the card and security procedures:

- the schools have one fuel card for the school minibus;
- cards must be stored securely when not in use;
- use of the card will remain at the discretion of the Headteacher at all times;
- to maintain segregation of duties, reconciliation of the monthly card statement will be undertaken by a non-card user;
- evidence to support expenditure: when the card is used the user should obtain and retain evidence to support the expenditure incurred i.e. receipts; these must be promptly handed to the Finance Office.

## 2.24. BACS Payments

On receipt of an invoice, the School Business Managers/relevant finance personnel sign the invoice, to signify:

- an official purchase order has been raised for the purchase;
- the delivery note has been checked;
- the delivery is of correct quantity, quality and price;
- the invoice has not been previously paid;
- funds are available in the relevant budget; and
- VAT chargeability on qualifying expenditure is shown .

The payment BACS payment is generated for checking by two signatories who check the payee, amount and ensure that the bank and sort codes have been correctly entered and approve payment by signing the transaction report from the accounting software.

Normally, BACS payments are processed within a month of receipt, although every effort is made to ensure the school benefits from early payment discounts.

The School Business Managers/relevant finance personnel ensure that evidence is kept of the employment status test criteria applied, when dealing with payments to individuals. Where an individual has been assessed as self-employed, the Admin Team should request that the individual states his self-employment reference number on any invoice issued to the school.

## 2.25. Investments

Investments are made in accordance with written procedures approved by the Trust Board.

All investments are recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

## 2.26. Reserves

This Policy update includes reference to the DfE's guidance on [Academy Trust reserves](#) - which is flagged as a useful source of more detailed guidance. The guidance is clear that as a Trust, Newham Community Learning is free to develop its own financial management systems, in order to best deliver its core purpose of education as a public good.

As per this guidance:

- As a Trust, we hold reserves for a variety of reasons, including cashflow, contingency, planned investment and improvement, strategic development and growth.
- We do not require schools to contribute to a fixed reserves figure annually, since there is no requirement by the ESFA to hold a specific level of reserves. However, we ensure that our levels remain between 5% and 20% of total income as per the guidance.
- On a regular basis, as a group of school and Trust leaders, we discuss our current and projected reserves. We ensure that we manage these judiciously, and that the levels are reflective of our planning as our published Trust Improvement Plans and that we also ensure that an appropriate contingency is included in our planning.
- Our Finance and Resources Committee of our Trust Board regularly reviews reserves levels and collectively, we ensure that any reserves surplus to (a) our planning and (b) our contingency arrangements are managed to ensure that an appropriate return is achieved.
- As noted earlier in this Policy, the government's Managing Public Money guidance informs our thinking and decision making.
- Any overall surpluses or deficits (reserves) at the end of the year are carried over to the following year, in line with the guidance.

The following *are not* included in our reserves:

- Fixed assets;

- Programme-related investments;
- Designated funds set aside to meet essential future spending;
- Commitments that have not been provided for as a liability in the accounts.

Our annual audited report and financial statements include a report on reserves.

The CEO as Accounting Officer must inform ESFA immediately if a deficit is anticipated.

If the Trust is anticipating a deficit at the end of any financial year, the Trust Board and CEO have a responsibility to ensure action is taken at the earliest opportunity to address this issue. The Trust Board must ensure that a recovery plan is submitted and approved by the ESFA.

### 2.26.1. Capital Reserves

It is the responsibility of School Business Managers/relevant finance personnel to keep accurate records of the capital funds, especially where grants have been received for capital projects.

## 2.27. Payroll

### 2.27.1. Staff Appointments

The trustees have approved a personnel establishment for the Trust. Changes can only be made to this establishment with the express approval in the first instance of the Trust Finance and Resources Committee who must ensure that adequate budgetary provision exists for any establishment changes.

The Headteacher has authority to appoint staff within the authorised establishment except for Senior Leadership posts whose appointments must be consulted on and confirmed by the Finance and Resources Committee, which may delegate this approval to the CEO. The School Business Managers/relevant school HR personnel maintain personnel files for all members of staff which include contracts of employment. All personnel changes must be notified, in writing, to the School Business Manager/relevant school HR personnel immediately.

The School Business Manager/relevant school HR personnel are responsible for obtaining the relevant DBS checks and ensuring these are retained on file.

### 2.27.2. Payroll Administration

Payroll is administered through the Trust's payroll provider. As a result of the Trust's recent formation, further to the merger of the Leading Learning Trust with Newham Community Schools Trust, Newham Community Learning is currently working with a payroll provider for its secondary schools (Newham Partnership Working) and a separate provider for its primary schools (Schools' Choice). This arrangement will be reviewed and rationalised in due course.

All staff are paid monthly through the payroll provider. A master file is created for each employee

which records:

- salary
- bank account details
- taxation status
- personal details
- any deductions or allowances payable
- other legal and relevant details

New master files can only be created by the School Business Managers/relevant HR and Finance personnel with the express approval of the relevant Headteacher. Any master file amendments made by the School Business Manager/relevant HR personnel must be printed out each month prior to the payroll run and must be authorised by the Headteacher. Any master file amendments made by the School Business Manager/relevant HR personnel must be authorised by the Headteacher.

Timesheets for additional hours, temporary work or overtime undertaken are completed by the employee. In turn this is authorised by the line manager, prepared by the School Business Manager/relevant HR personnel and signed off by the Headteacher.

### 2.27.3. Payments

Before payments are dispatched a printout of all data should be obtained, including an exceptions report from the payroll provider and this should be checked against source documentation by the Finance Department and then reviewed and initialled by the School Business Managers/relevant school personnel. Authority to release payment will be by the School Business Managers and the Headteachers.

All salary payments are made by BACS.

The School Business Managers/relevant school personnel prepare a reconciliation between the current month's and the previous month's gross salary payments showing adjustments made for new appointments, resignations, pay increases etc. This reconciliation is reviewed and signed by the Headteachers.

After the payroll has been processed the nominal ledger will be updated. Postings will be made both to the payroll control account and to individual cost centres. The Finance Department should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

Annually, the School Business Managers/relevant school personnel check each member of staff that the gross pay per the payroll system agrees to the contract of employment held on the personnel file.



#### **2.27.4. Salary Advances**

The Trust does not award salary advances.

#### **2.27.5. Overtime**

Overtime is recorded by the individual and submitted by the payroll provider's deadline.

Claim forms must not be submitted prior to work having been undertaken.

No payments for work undertaken will be made other than via the payroll system.

#### **2.27.6. Severance Payments**

The Trust is able to self-approve the non-contractual element of severance payments up to £50,000. A business case must be presented before agreeing a payment, using the form provided by ESFA on Gov.uk.

Where the non-contractual element is or over £50,000, prior approval from ESFA must be sought.

The Accounting Officer must sign off and review each business case.

### **2.28. Freedoms and delegations and transactions requiring EFSA consent**

#### **2.28.1. Novel and contentious transactions**

Novel payments or other transactions are those of which the Trust has no experience, or are outside the range of normal business activity for the Trust. Contentious transactions are those which might give rise to criticism of the Trust by Parliament, and/or the public, and/or the media.

Novel and/or contentious transactions must always be referred to ESFA for explicit prior authorisation.

#### **2.28.2. Borrowing**

The Trust must seek ESFA's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable.

Credit cards must only be used for business (not personal) expenditure, and balances cleared before interest accrues.

#### **2.28.3. Write-offs and Entering into Liabilities**

The Trust must obtain the ESFA's prior approval for the following transactions beyond the delegated limits of the two categories set out below:

- writing-off debts and losses; and
- entering into guarantees, letters of comfort or indemnities.

The delegated limits, subject to a maximum of £250,000, are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction.
- Cumulatively, 2.5% of total annual income in any one financial year per category of transaction for any Trust that has not submitted timely, unqualified audited accounts for the previous two financial years. This category includes new academies that have not had the opportunity to produce two years of audited accounts.
- Cumulatively, 5% of total annual income in any one financial year per category of transaction for any Trust that has submitted timely, unqualified audited accounts for the previous two financial years.

In relation to these limits:

- The Trust should always pursue recovery of amounts owed to it, overpayments, or payments made in error, irrespective of how they came to be made. In practice, however, there will be both practical and legal limits as to how cases should be handled.
- The Trust should only consider writing-off losses after careful appraisal of the facts, including whether all reasonable action has been taken to effect recovery from the debtor, the Trust's insurers, or the risk protection arrangements, and should be satisfied that there is no feasible alternative.
- The amounts for write-offs are before any successful claims from an insurer or the risk protection arrangements.
- Total annual income is defined as grant income as disclosed in the Trust's last set of audited accounts. The ESFA should be contacted if the Trust has not yet published their first set of audited accounts

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

The liabilities are:

- Issuing specific guarantees.
- Providing a letter of comfort.
- Providing indemnities.

#### 2.28.4. Ex-gratia payments

Any ex-gratia payments must be submitted to ESFA for prior approval.

## 2.29. Income

### 2.29.1. ESFA Grants

The main sources of income for the academy are the grants from the ESFAs. The receipt of these sums is monitored directly by the School Business Managers/relevant school personnel who are responsible for ensuring that all grants due to the Schools and the Trust are collected.

### 2.29.2. Other Grants

The receipt of these sums is monitored directly by the School Business Managers/relevant finance personnel who are responsible for ensuring that all grants due to the Trust and the Schools are collected.

### 2.29.3. Trips

A lead member of finance staff must be appointed for each trip to take responsibility for the collection of sums due, where applicable. The finance staff must prepare a record for each student intending to go on the trip showing the amount due on the schools electronic payments system.

Parents should make payments on the Schools' chosen online system wherever possible to ensure an audit trail for receipt of monies is evident. Cash payments are accepted via the school office.

An up to date record for each student showing the amount paid and the amount outstanding is available to view on the schools electronic payment system (i.e. ParentPay). Office staff are responsible for chasing the outstanding amounts.

Trips should be run at cost price, although allowance can be made for administrative fees and additional staff cover. Any surplus greater than £10 per pupil is redistributed to parents. If the School decides to subsidise the school trip the amount of subsidy must be approved by the relevant Headteacher in advance of the booking being made.

### 2.29.4. Charging for services

Newham Community Learning has arrangements in place to run two SLAs with a local primary school. All paperwork is in place and invoices are raised to collect payments due against these SLAs.

## 2.30. Catering

### 2.30.1. Cash payments

Cash payments must be reconciled on a daily basis by the Schools' administrative staff to the lunch records and signed as evidence of reconciliation. The School meal numbers and cash totals are then to be entered onto the weekly banking sheet or less frequently when the sum involved is less than £50. The cash is kept in the safe prior to collection for banking. The School Business Managers/relevant school personnel must reconcile the banking sheet to actual receipts banked.

### **2.30.2. Electronic cash collection**

Where applicable, the weekly bank credits are reconciled to the Parent Pay reports in the first instance. Monthly checks are undertaken by the School School Business Manager and cross referenced to a sample of individual pupils.

## **2.31. Lettings**

The School Business Managers/relevant school based personnel are responsible for maintaining records of bookings of facilities and for identifying the sums due from each organisation. Payments must be made in advance for the use of facilities unless expressly agreed by the Headteacher as per the Trust's Lettings Policy and associated paperwork.

Details of organisations using the facilities will be held by the Finance Department who will establish a sales ledger account and produce a sales invoice from the Financial Information accounting system.

Copies of the Trust's up to date relevant public liability, indemnity, insurance and qualifications (where relevant e.g. H&S, First Aid, Instructor etc.) are kept with the Letting Agreements and are reviewed at least annually. The Trust is continuing to develop its overarching lettings arrangements.

### **2.31.1. Safeguarding**

Newham Community Learning is dedicated to ensuring the safeguarding of its pupils at all times. It is a requirement of hire that hirers abide by the Trust's requirements in respect of safeguarding. Any failure from the hirer in this respect will result in the hire being terminated.

It is the responsibility of the hirers to ensure that safeguarding measures are in place while hiring out the space.

If there is a chance that those hiring the premises will come into contact with pupils, for example if the hire occurs during school hours, or when pupils may be present in the school (during after-school clubs or extra-curricular activities), the relevant school will ask for confirmation that the hirers have had the appropriate level of DBS check.

The hirer will be required to have appropriate safeguarding policies in place, including safeguarding and child protection, and shall provide copies of these policies on request to the Trust.

The hirer confirms that, should any safeguarding concerns present themselves during the hire of the school premises, they shall contact the designated individual as provided by the hiring school as soon as reasonably practicable.

The hirer understands that if the school or Trust receives an allegation relating to an incident where an individual or organisation is using the school premises for running an activity for children, the school will follow its usual safeguarding procedures and inform the local authority designated officer (LADO).

### 2.32. Gift Aid

To ensure the Trust, in its position as an exempt charity, receives all the monies it is entitled to, School Business Managers/relevant finance personnel:

- reconcile income against records to confirm expected amounts have been received by the donor; and
- ensure the tax reclaimable from HMRC has been obtained and any relevant business use deductions have been made.

### 2.33. Bad Debts

The Trust chases all monies due, and those that have not been paid within 30 days of an invoice being issued, by telephone or letter.

If the debt remains unrecoverable after 6 months, or it becomes clear that the debt will not be repaid, the School Business Managers/relevant finance personnel submit a report to the CEO for approval of write off.

The following write off limits apply:

- Up to £499 – Headteacher
- £500 to £1,000 – Local Governing Body
- Over £1,000 – Trust Finance and Resources Committee and refer to debt collecting agency

### 2.34. Insurance

The Trust's Finance and Resources Committee reviews insurance arrangements annually. The Committee ensures that the sums insured are commensurate with the risks and include cover for Trust property when off the premises.

The Trust has opted into the Department for Education's Risk Protection Arrangement (RPA).

The Risk Protection Arrangement does not cover the following and each governing body must make suitable arrangement of cover if required by the school:

- motor vehicle insurance;
- overseas travel insurance - RPA only covers travel in the UK;
- work of art insurance; and
- engineering inspection and insurance - Trusts will need to make their own arrangements for statutory inspections with an authorised body.

Budget holders must ensure all valuables are kept under lock and key when not being used in a supervised manner.

The first £500 of replacement has to be funded by the department concerned as no budget is held centrally. Items under £500 will receive no insurance pay out and it is up to the department concerned as to whether the item is replaced or not.

## 2.35. Governor and Trustee Expenses

All governors/trustees of the Trust are entitled to claim the actual costs, which they may incur as follows:

- childcare or baby-sitting allowances (excluding payments to a current/former spouse or partner);
- cost of care arrangements for an elderly or dependent relative (excluding payments to a current/former spouse or partner);
- the extra costs they incur in performing their duties either because they have special needs or because English is not their first language;
- the cost of travel relating only to travel to meetings/training courses at a rate of 45 pence per mile which does not exceed the specified rates for school personnel;
- travel and subsistence costs, payable at the current rates specified by the Secretary of State for the Environment, Transport and the Regions, associated with attending national meetings or training events, unless these costs can be claimed from the any other source;
- telephone charges, photocopying, stationery, postage etc. and
- any other justifiable allowances.

The Governing Body and Trust Board acknowledges that:

- governors/trustees are not be paid attendance allowance; and
- governors/trustees are not reimbursed for loss of earnings

Governors/trustees wishing to make claims under these arrangements must complete a claims form and provide the relevant receipts; the form is available on the Trust website. Completed forms are automatically sent (a) to the CEO for approval and (b) to the Trust Finance Officer for the processing of the BACS payments.

Claims will be subject to independent audit and may be investigated by the Chair of governors (or Chair of Trust Finance and Resources Committee in respect of the Chair of governors and trustees) if they appear excessive or inconsistent.

## 2.36. Gifts

The Trust is committed to the highest standards of financial probity in all its operations. In addition to the details provided here, the Trust has a separate Gifts and Hospitality Policy, published on the [Policies page](#) of the Trust's website.

Ordinarily, gifts should be rejected, unless they are of negligible value (e.g. diaries, calendars). In addition, any gifts or hospitality in excess of £25 are reported to the CEO via the relevant form. For Trustees and governors, the form is available on the website. Local processes are in place at each school, managed by School Business Managers/school finance personnel. These declarations must be made in order to protect the individual receiving the gift; this is particularly important where the person receiving the gift is a budget holder, has the ability to influence purchasing decisions or regularly receives reimbursement from the school for items other than travel expenses.

Gifts that have been reported are entered onto the gifts and hospitality register. Trustees and Chairs of governors receiving such gifts need to complete the processes via the form, which is then sent (a) to the CEO for approval and (b) to the Trust Finance Officer for entry into the Register.

## 2.37. Expenditure on gifts, hospitality, entertainment and favours

The Headteacher at each School approves any expenditure on gifts and hospitality, up to a maximum spend of £250 per group or £50 per individual; spend over £250 must be approved by the Chief Financial Officer. The finance department maintains a log of these. Such expenditure is only authorised if it can be demonstrated that the principles of probity, regularity and value for money have been taken into account.

Expenditure on hospitality from public funds is only incurred in the provision of education. Hospitality is generally only provided in the workplace and usually restricted to tea/coffee, biscuits, soft drinks or sandwiches. Modest hospitality is occasionally provided outside the workplace. The Headteacher maintains a register of the occasions when hospitality is provided by their School, the number of people involved and the costs incurred.

## 2.38. Fraud

The Trust does not tolerate fraud. Where instances of fraud are identified or suspected by any member of staff, the CEO is informed immediately and they will notify the ESFA in accordance with the requirements of the Academy Trust Handbook

## 2.39. Whistleblowing

The Trust has a Whistle Blowing Policy in place, which is published on the [Policies Page](#) of the Trust website. Instances where the Trust requires to advise the ESFA are noted.

## 2.40. Pooling of GAG

A Trust with more than a single School has the option to pool GAG (as per the Academy Trust Handbook). The Trust has not opted into GAG pooling.

## 2.41. VAT

### 2.41.1. VAT 126 form

The Trust Finance Officer is responsible for submitting the VAT 126 form per month on behalf of the schools within the Trust.

### 2.41.2. Capital projects

In circumstances where capital projects are undertaken by the Trust, the Trust Board will give consideration as to how these can be best managed within the resources available. Separate project budget monitoring will be carried out in relation to designated capital projects.

## 2.42. Fixed Assets

### 2.42.1. Asset Register

All items purchased with a value over the Trust's capitalisation limit of £5,000 must be entered on the fixed asset register with the following details:

- asset description
- asset number
- serial number
- date of acquisition
- asset cost
- expected useful economic life
- source of funding (% of original cost funded from grant and % funded from other sources)
- depreciation
- current book value
- location
- name of staff member responsible for the asset.

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
- support insurance claims in the event of fire, theft, vandalism or other disasters.

Examples of items to include on the asset register include:

- ICT hardware and software (this list can be combined and used to identify software licences to ensure the school is complying with legislation)
- Reprographic equipment – photocopiers, comb binders, laminators
- Office equipment – fax machines, shredders, switchboard
- Furniture
- AVA equipment – TVs, video/DVD players, OHPs, cameras, speakers
- Cleaning equipment – vacuum cleaners, polishers
- Catering equipment – ovens, fridges, dishwashers, food processors
- Technology equipment – sewing machines, craft machinery
- Premises equipment – lawn mowers, power tools, generators
- Other equipment – musical instruments, PE equipment
- Mini buses

### 2.42.2. Depreciation rates

Assets will be depreciated on a straight line basis using the following periods according to the asset class:

- Building - 50 years
- Computer Equipment - 3 Years
- Fixtures, Fittings and Equipment - 5 years

### 2.42.3. Security of assets

All the items in the register are permanently and visibly marked as the Trust's property.

Equipment is, where possible, stored securely when not in use.

The School Business Managers/school personnel are responsible for ensuring an annual check of all assets. Where discrepancies between the physical count and the amount recorded in the register are found these are investigated promptly and, where significant, reported to the governing body.

### 2.42.4. Disposals

Disposals, where applicable, are in line with the Academy Trust Handbook.

Items which are to be disposed of by sale or destruction must be authorised for disposal by Headteacher and, where significant, should be sold following competitive tender. The Trust seeks 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.

### 2.42.5. Loan of Assets

Items of Trust property must not be removed from the premises without the authority of the Headteacher. A record of the loan must be recorded in a loan book and booked back in when it is returned.

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

### 2.43. Data Security

The Trust relies on computers to process and record personal, financial and other management data. Most of the controls in this section cover access to data held on computers. There are ICT Acceptable Use Agreements in place at Trust and School level, which govern the use of these assets.

Computer systems used for School management are protected by password security to ensure that only authorised employees have access. Passwords are changed and updated for staff changes.

The Headteacher of all schools ensures that data is backed up regularly (where applicable) and that all back-ups (where applicable) are securely held. All data backup is managed by the School/Trust ICT Support provider.

The Headteachers have established a recovery plan to ensure continuity of financial administration in the case of emergency.

The Headteachers ensure that systems are in place to safeguard school software and data against computer viruses - this is also administered by the IT Provider/in-house at the Trust's primary schools. To prevent viruses being imported, only authorised software is used.

The trustees ensure that the ICO (Information Commissioner's Office) is notified in accordance with the General Data Protection Regulations (2018) [ie. that the Trust is registered as a Data Controller], and that the Trust's use of any electronic or relevant manual systems to record or process personal information, and any disclosure of that information, complies with this legislation.

### 2.44. Charges

Schools may charge for the following:

- board and lodging on residential visits (not to exceed the costs); and
- the proportionate costs for an individual student of activities wholly or mainly outside school hours ('optional extras') to meet the costs for:
  - travel associated costs

- materials and equipment
- non-teaching staff costs (iv) entrance fees/activity fees
- Insurance costs (if not covered by the RPA arrangements in place.
- individual tuition in the playing of a musical instrument
- re-sits for public examinations where no further preparation has been provided by the school
- costs of non-prescribed examinations where no further preparation has been provided by the school
- any other education, transport or examination fee unless charges are specifically prohibited
- breakages and replacements as a result of damages caused wilfully or negligently by students

## 2.45. Remissions

Students whose parents are in receipt of government support payments may, in addition to having a free school lunch entitlement, also be entitled to the remission of charges for board and lodging costs during residential school trips. The relevant support payments are:

- Income Support (IS)
- Income Based Jobseekers Allowance (IBJSA)
- Support under part V1 of the immigration and Asylum Act 1999
- The guarantee element of the State Pension Credit
- Child Tax Credit, provided that Working Tax credit is not also received and the family's income (as assessed by Her Majesty's Revenue and Customs) does not exceed the limit for that tax year

An income related employment and support allowance that was introduced on 27th October 2008. Parents who believe that they may qualify for this remission must apply in writing to the school. Complete confidence will be observed in all such matters.

## 2.46. Voluntary Contributions

Parents may be invited to make a voluntary contribution towards the following:

- activities within a curriculum area;
- support education trips and visits; and
- associated travel costs.

The terms of any request made to parents will specify that the request for a voluntary contribution and in no way represents a charge, in addition the following will be made clear to parents:

- that the contribution is genuinely voluntary and a parent is under no obligation to pay; and
- that registered students at the school will not be treated differently according to whether or not their parents have made any contribution in response to the request.

If insufficient voluntary contributions are received the school reserves the right to cancel the event.

The responsibility for determining the level of voluntary contribution is delegated to the Leadership team within the School.

Voluntary contributions will be used to:

- enhance and support learning activities within a department;
- support some educational visits; and
- support travel costs.

## **2.47. Associated policies**

- Whistle Blowing Policy
- Business and Pecuniary Interests Policy
- Gifts and Hospitality Policy
- Risk Management Policy

## 2.48. Annex A - Scheme of Delegation and Approval limits

### 2.48.1. Schedule of procurement and expenditure approval limits

**Note 01:** LGB = Local Governing Body at the school; TB = Trust Board; FARC = Finance and Audit Committee of the Trust Board, which notes and minutes/recommends items to the Trust Board for approval

**Note 02:** Process will be managed via a Google Form with an auditable workflow attached for bands 1A, 1B, 2 and 3. When the 'requestor' submits the form seeking authorisation for the expenditure, selecting the relevant banding, it is sent first to the person in column A and then to the relevant member of the finance team in Column B. Column C is used as required. *Separate forms are in place for each school/Central Team.*

The Column A approver will be required to confirm that the expenditure can be covered by existing budgets; this will be specifically requested on the form

**Note 03:** Where a multi-year contract is purchased, the total value of the contract over the number of years will determine the relevant band in which the expenditure falls.

Band	COLUMN A - Who (a) authorises expenditure on purchases or (b) approves contracts SLAs and can demonstrate value for money	COLUMN B - Finance level approval	COLUMN C - Governor/Trustee approval
<b>BAND 1A</b> Up to £749  Via FORM	<i>Schools and Trust:</i> Local budget holder  No quote required.	Finance Officer	No requirement to inform LGB or TB
<b>BAND 1B</b> £750 - £9,999  Via FORM	<i>Schools and Trust:</i> Local budget holder  Written 1 x quote required; or written detail of a phone call.	Finance Officer	No requirement to inform LGB or TB
<b>BAND 2</b> £10,000 - £29,999  Via FORM	<i>School:</i> Headteacher  <i>Central Team:</i> COO or Director of Education  Written 3 x quotes required	<i>School:</i> CFO  <i>Central Team:</i> CFO	<i>School:</i> governors to be informed at next meeting [copy of completed form is sent to Lead Governance Professional to add to LGB agenda]  <i>Central Team:</i> FARC to be informed at next meeting [copy is sent to Lead Governance Professional to add to FARC agenda]  Contract MUST be added to the Trust Contracts Register.

Band	COLUMN A - Who (a) authorises expenditure on purchases or (b) approves contracts SLAs and can demonstrate value for money	COLUMN B - Finance level approval	COLUMN C - Governor/Trustee approval
<b>BAND 3</b> £30,000 - £99,999  Via FORM	<i>School:</i> Headteacher AND CEO  <i>Central Team:</i> CEO  £30,000 is the <a href="#">public procurement threshold for sub-central authorities</a> , and requires a formal tender process	<i>School:</i> CFO  <i>Central Team:</i> CFO	<i>School:</i> governors to be informed at next meeting and trustees to be informed at the next FARC meeting [copy of completed form is sent to Lead Governance Professional to add to LGB and FARC agendas]  <i>Central Team:</i> FARC to be informed at next meeting [copy is sent to Lead Governance Professional to add to FARC agenda]  Contract MUST be added to the Trust Contracts Register.

**BAND 4 - School and Trust = £100,000+** Contract MUST be added to the Trust Contracts Register.

For expenditure in this category, a different approval process is in place. All expenditure/contracts are subject to a formal external tendering process as per public sector procurement legislation.

- 1) Template paper completed by the requestor and sent to the Headteacher (school) or the CEO (Central Team), and also copied to the CFO.
- 2) The Headteacher (school) or CEO (Central Team) will review the expenditure, along with the CFO. If initiated by the school, the paper will then be sent to the CEO.
- 3) Once this review is complete, the template will be passed to the LGB for approval, and then to the FARC (school) or directly to the FARC (Central Team).
- 4) Once the approval is minuted at the FARC, the paper will be sent to the Trust Board, by the FARC, with a recommendation for approval. Where the Trust Board meets in advance of the FARC, the template paper can go directly to the Trust Board.
- 5) Once approved, as per the minutes of the Trust Board, the Governance Professional will inform the Headteacher/CEO.

## 2.48.2. Payments – Payment Cards

The following table specifies the limits set on corporate cards issued by Newham Community Learning schools and the Trust Central Team.

The issue and return of payment cards is managed via the Trust level Google Form designed for this purpose. This ensures that a single record is retained.

<b>Role</b>	<b>Single transaction limit</b>	<b>Monthly limit</b>
Headteacher / CFO / COO / CEO	£5,000	£5,000
School Business Manager [or equivalent] role	£2,500	£5,000
Finance Officer [or equivalent]	£1,000	£5,000

Note that these limits will be reviewed as part of the Finance and HR Restructure and may be subject to change.

## 2.49. Trust Purchasing and Procurement Strategy

This Procurement Strategy outlines the approach and principles that our Trust will follow to ensure compliance with the Procurement Act 2023, which applies to all public sector procurement, including that by Trusts, from 24 February 2025. The strategy aims to deliver value for money, enhance competition, ensure fairness and transparency, and support the Trust's Sustainability Strategy across all procurement activities.

Our processes and procedures at both school and Trust level are designed to ensure compliance with the new legislation, and to ensure that we are able to effectively procure goods and services.

Alcohol must not be purchased using the Trust's funds, except for religious purposes and with the express permission of the CEO of Newham Community Learning.

### 2.49.1. Purchasing procedures in place at Newham Community Learning

Newham Community Learning ensures that, as a custodian of public money, its funds are managed and disbursed with regard to the following:

- *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; and
- *fairness*: that all those dealt with by the Trust are dealt with on a fair and equitable basis

The Trust is currently reviewing all purchasing arrangements to deliver improvements in budgeting, supplier selection, purchasing arrangements, and payment mechanisms for all schools, and to improve the efficiency of the current processes. In addition, this review will ensure that all such arrangements are managed through the Trust's finance management platform - IRIS Financials. Modules which are in use - PS Financials - and under consideration - PS Purchasing - are described below:

- **PS Financials**: This module is more comprehensive and deals with the overall financial management of an organisation. It includes features for accounting, budgeting, financial reporting, and compliance. PS Financials helps organisations manage their financial data, generate financial statements, and ensure that they are adhering to financial regulations and standards.
- **PS Purchasing**: This module is focused on managing the procurement process. It allows users to create, review, and approve purchase orders, manage supplier information, and handle purchase requisitions. It's designed to streamline and automate the purchasing process, ensuring that all transactions are properly documented and approved.



Interim arrangements, including the use of Google Forms and associated workflows, are in place to support this transition.

Key areas which are part of this review are as follows. During this period of review, current arrangements continue to apply. This policy will be further updated with the revised operational arrangements in place further to the conclusion of this review. All approval levels are stated in Annex A to this policy.

For all purchases:

- **Budget Approval:** Budget holders must ensure that the purchase is within the approved budget for their department or area.
- **Requisition Form:** Budget holders - or their delegates - complete a requisition form detailing the items needed, quantity, and estimated cost.
- **Approval Process:** The requisition form is reviewed and approved by the relevant authority, which includes both school leadership and finance personnel as outlined in Annex A.
- **Supplier Selection:** For purchases over the value of £30k, a tendering process is required under the arrangements of the Procurement Act 2023 to select the best supplier based on value for money.
- **Purchase Order:** Once approved, a purchase order number is issued to the requestor and communicated to the supplier to confirm the order.
- **Receiving Goods:** The items are received and checked against the purchase order to ensure accuracy.
- **Payment:** Payment is processed only after the goods are received and verified. The systems in place ensure that the invoice is mapped to the approved purchase order.

Annex A also provides detailed mechanisms, supported by the Lead Governance Professional, to advise local governing bodies, the Finance and Resources Committee of the Trust Board and the Board itself regarding the decision making above certain thresholds.

### 2.49.2. Objectives of procurement strategy

The primary objectives of our procurement strategy are to:

- Ensure compliance with the Procurement Act 2023, relevant regulations, and best practice.
- Achieve value for money and effective use of resources.
- Ensure that we consider social value and sustainability in procurement decisions - with particular reference to our focus as a local community Trust and our commitment to sustainable practices.
- Ensure robust governance, accountability, and risk management throughout the procurement lifecycle.
- Ensure that all school staff understand that the new legislation recognises the Trust as the legal contracting entity, which will thus have a single reference number to access the portal.

- Ensure that all schools work together with the Trust to manage procurement as per the new strategy and following the new processes to ensure compliance and to achieve value for money.

### 2.49.3. Compliance with the Procurement Act 2023

The Procurement Act 2023 introduces several key changes to public procurement, including:

- Simplified procurement procedures designed to streamline processes and encourage competition, especially for smaller contracts.
- Greater transparency and clearer documentation, enabling better public access to procurement information.
- Social value and sustainability considerations are explicitly required when making procurement decisions.
- Digital procurement is encouraged, particularly for standardising and simplifying procedures.

Our procurement processes and internal procedures will fully comply with the Procurement Act 2023 by adhering to its various provisions:

- *Public Procurement Procedures*: ensure we follow the correct procedure depending on the value and complexity of the contract, from simplified procedures to full tender processes as detailed in the Act.
- *Transparency and Reporting*: ensure public access to procurement documents and decisions, including contracts and award notices, through ensuring that we follow the processes hosted on the new portal.
- *Sustainability and Social Value*: we will actively promote sustainability and social value outcomes in the procurement of goods, services, and works - with particular emphasis on our role as a local community Trust, working with local suppliers where possible.

### 2.49.4. Governance

The governance of procurement within the Trust will ensure compliance, transparency, and accountability. Key elements of governance include:

- *FARC - Finance and Resources Committee*: as per the Terms of Reference of the FARC, available on the [Scheme of Delegation page of the website](#), this committee is tasked with the scrutiny of procurement decisions, for recommendation to the Trust Board for approval. The thresholds which require FARC approval are detailed in [Annex A](#) to this document.
- *Local governing bodies*: local governing bodies do not form part of the approval processes for procurement decisions, but they are informed of decisions as per [Annex A](#).
- *Delegated Authority*: our Leadership and Governance Decision Planner, part of our scheme of delegation, provides for the delegation of various aspects of our finance processes. [Annex A](#) to this policy provides details of the authority required for various procurement bands, noting both the personnel involved and the process. A clear audit trail is available via the digital tools in place to manage various thresholds.

- *Training and Development:* the Trust will ensure that personnel involved in procurement activity have the resources they need to carry out an effective process. School based staff understand their role and delegated authority as per [Annex A](#) to this document.
- *Review:* regular review of procurement processes and associated protocols and systems will be undertaken, in consultation with school based colleagues.

#### 2.49.5. Procurement Principles

The procurement approach will be based on the following core principles, and thus aligned with the Procurement Act 2023:

- *Value for Money:* achieving the best outcome through competitive processes, assessing both cost and quality to deliver optimal results for the Trust.
- *Fairness and Transparency:* ensuring that all procurement decisions are made in an open, fair, and non-discriminatory manner, with clear evaluation criteria.
- *Competition:* maximising competition where possible to drive innovation and secure the best value for money.
- *Sustainability and Social Value:* promoting sustainable procurement practices that take into account the environmental, social, and economic impacts of procurement decisions, and which support the Trust's sustainability strategy and local community agenda.
- *Risk Management:* the Trust's procurement work will include the identification and management of risks associated with procurement activities, ensuring that contracts are delivered on time, on budget, and in accordance with agreed terms.

#### 2.49.6. Forms of Tender Available Under the Procurement Act 2023

The Procurement Act 2023 introduces several procurement procedures or tendering methods that can be used depending on the value, complexity, and urgency of the contract.

Annex (i) provides details of the various types of tender available. A summary is below:

- *Open Procedure:* One-stage, fully competitive tendering process.
- *Restricted Procedure:* Two-stage process involving pre-qualification before final tender submission.
- *Competitive Procedure with Negotiation (CPN):* Competitive tendering with subsequent negotiations on bids.
- *Competitive Dialogue:* Flexible process for complex contracts where the requirements are not fully defined.
- *Innovation Partnership:* Collaborative development of innovative solutions with a supplier over time.
- *Direct Award:* Awarding a contract without competition, under specific justified circumstances.
- *Framework Agreements:* Long-term agreements with suppliers for future contracts or orders.

#### 2.49.7. Procurement Process

The procurement process will follow a structured approach, ensuring compliance with the appropriate tender procedure as outlined above:

- *Needs Assessment*: the Trust has implemented a standard Proposal Paper for all contacts over the value of £100,000 to ensure a clear assessment of needs and that due diligence has been carried out, in a clear and consistent format.
- *Procurement Planning*: all projects will be subject to the development of a procurement plan, including key milestones, timelines, and selection criteria. Any need for external support will be identified at this point.
- *Tendering*: tender processes will be implemented based on the contract's value and complexity, as per the requirements of the Act.
- *Evaluation*: tenders will be based on predefined criteria, a bank of which are available from the Trust Central Team, and which consider factors such as cost, quality, and sustainability.
- *Award*: award of the contract will be in line with the outcome of the evaluation, ensuring fairness and transparency.
- *Contract Management*: the Trust recognises that robust management of all contracts awarded, including performance assessment, is critical to ensure delivery on all aspects. Management arrangements for each contract will be put in place and followed, ensuring that non-performance is flagged.

#### 2.49.7.1. Preparation for Tender

Full consideration should be given to:

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

It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

Where necessary, value for money professional advice is sought.

#### 2.49.7.2. 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.

The accepted tender should be the one that provides the best value both economically and quality

to the Trust. All parties are then informed of the decision.

### 2.49.8. Supplier Engagement and Relationship Management

We will actively engage with suppliers to ensure they understand our procurement objectives and values. As a local Trust, we will be particularly focussed on engaging with local businesses, those with a clear sustainability agenda and those who promote our EDI [equality, diversity, inclusion] objectives.

### 2.49.9. Risk Management

Our procurement strategy includes robust risk management practices to identify and mitigate risks throughout the procurement process, helping ensure that procurement is delivered on time, within budget, and in compliance with all terms. Central management of procurement of goods and services in use across the Trust as per the delegations in Annex A to the Finance Policy ensures that schools are supported by the Trust.

### 2.49.10. Annex (i) - Types of tender available under the Procurement Act 2023

The **Procurement Act 2023** replaces the previous EU-based procurement rules in the UK, offering a more flexible framework with some simplified and competitive procedures. Below is an overview of the **tender procedures** covered in the Act:

#### 2.49.10.1. Open Procedure

- **Description:**
  - The **Open Procedure** is a one-stage process in which any supplier can submit a tender in response to a public contract notice. There is no pre-selection of suppliers. All interested suppliers can submit a bid, and the contracting authority evaluates all submissions based on predetermined criteria.
- **When to Use:**
  - This procedure is suitable for contracts where the requirements are clear and the contracting authority wishes to maximize competition. It is typically used for **low- to medium-value contracts** or when the specifications are well-defined and straightforward.
- **Key Characteristics:**
  - **No pre-qualification stage** – all suppliers can submit their tenders directly.
  - All tenders are opened at the same time, and they are evaluated according to the same criteria.
- **Example:** Used when procuring basic goods or services, such as office supplies, or straightforward IT services.

#### 2.49.10.2. Restricted Procedure

- **Description:**

- The **Restricted Procedure** is a two-stage process. In the first stage, suppliers submit an expression of interest, and the contracting authority evaluates those suppliers based on their qualifications, capabilities, and other relevant criteria. Only those suppliers who pass the selection criteria are invited to submit a full tender.
- **When to Use:**
  - This procedure is appropriate for **higher-value contracts** or more complex requirements where the contracting authority wants to ensure that only qualified suppliers can participate in the final bidding process.
- **Key Characteristics:**
  - **Pre-qualification stage** where suppliers are evaluated on their financial stability, technical capabilities, and experience.
  - Only qualified suppliers are invited to tender in the second stage.
  - Offers a balance between opening up competition and ensuring suppliers are capable of meeting the contract's requirements.
- **Example:** Used for contracts requiring more technical or specialist services, such as IT infrastructure installation or complex consultancy services.

#### 2.49.10.3. Competitive Procedure with Negotiation (CPN)

- **Description:**
  - The **Competitive Procedure with Negotiation** allows the contracting authority to negotiate with suppliers after they have submitted their initial bids. The negotiation process can focus on various aspects of the contract, such as pricing, technical solutions, or terms and conditions.
- **When to Use:**
  - This procedure is appropriate for situations where the contracting authority wants to negotiate aspects of the tender, such as pricing, or when the requirements are not fully defined at the outset.
- **Key Characteristics:**
  - The **initial tender submissions** are evaluated.
  - Negotiations may take place to refine aspects of the tender, such as price, quality, or terms of delivery.
  - The process allows for **greater flexibility** and can be used for more complex or bespoke contracts where the exact nature of the requirement is still evolving.
- **Example:** Used for contracts requiring customization or innovation, such as complex IT systems development or large infrastructure projects.

#### 2.49.10.4. Competitive Dialogue

- **Description:**
  - The **Competitive Dialogue** procedure is the most flexible and is used when the contracting authority cannot define the technical aspects or solutions needed to meet its requirements. The authority enters into a dialogue with selected suppliers to develop and refine the contract terms, specifications, and solutions before receiving final tenders.

- **When to Use:**
  - This procedure is ideal for **highly complex** contracts where the contracting authority is seeking innovative or customized solutions that cannot be fully defined at the outset.
- **Key Characteristics:**
  - **Dialogue phase:** The authority engages with suppliers to discuss and refine solutions before receiving final proposals.
  - Used when the specifications are not clearly defined or when there is uncertainty about how to deliver the required outcomes.
  - Allows the contracting authority to engage in discussions with suppliers and explore potential solutions, and then proceed to the final submission phase.
- **Example:** Used for **large, complex** infrastructure projects, such as constructing a new school building, or procuring a new public service model that requires innovative solutions.

#### 2.49.10.5. Innovation Partnership

- **Description:**
  - The **Innovation Partnership** procedure allows a contracting authority to work with a supplier to develop an innovative solution over time, typically in fields where new solutions or technologies are required. The partnership involves collaboration during the contract's lifecycle, allowing for the creation and subsequent delivery of an innovative product or service.
- **When to Use:**
  - This procedure is ideal when the contracting authority requires a novel solution or technology that cannot be easily defined at the outset, and the development process is expected to take place over time.
- **Key Characteristics:**
  - Focuses on **collaboration** between the contracting authority and the supplier to develop a product or service.
  - The procedure involves **phased development**, where each phase is subject to negotiation and refinement before moving to the next.
  - Allows for a dynamic and evolving process, particularly in research and development or high-tech solutions.
- **Example:** Used for developing new technologies or solutions, such as the development of advanced AI systems for education or creating new digital platforms for public services.

#### 2.49.10.6. Direct Award

- **Description:**
  - A **Direct Award** is when a contract is awarded directly to a supplier without the need for a competitive tender process. However, this can only happen under specific, justified conditions, such as when there is only one supplier capable of providing the required goods or services or in cases of extreme urgency.
- **When to Use:**

- This is generally reserved for **low-value contracts** or specific scenarios like **sole suppliers, emergency situations**, or when **no competition** is possible (e.g., specialist services).
- **Key Characteristics:**
  - **Justification required:** The contracting authority must justify why a direct award is appropriate.
  - Must demonstrate **value for money**, even without a competitive process.
  - Typically used for **low-value** contracts or unique circumstances where competitive processes would not be practical.
- **Example:** Awarding a contract for a very niche service, such as bespoke software development from a sole provider.

#### 2.49.10.7. Framework Agreements

- **Description:**
  - A **Framework Agreement** is a longer-term agreement between a contracting authority and one or more suppliers, setting out the terms and conditions under which future contracts (or "call-offs") can be awarded over a set period.
- **When to Use:**
  - Frameworks are often used when the contracting authority anticipates needing a particular service or product multiple times but cannot predict the exact quantities or timings in advance.
- **Key Characteristics:**
  - Framework agreements are typically used to **simplify procurement** over time, providing more flexibility in managing repeat procurements.
  - They are commonly used in **repeated purchases** of goods or services.
- **Example:** A framework agreement for the supply of educational resources or IT equipment that will be used over several years.