

Finance Policy

Document Title	Finance Policy
Author	P Edwards, Chief Operating Officer
Version Number	Version 2.2
Approved by	TPT Board
Effective from	October 2023
Due for Revision	September 2024

Document Control Table

Document History			
Version	Date	Author	Note of Revisions
V1	September 2019	P Edwards	First Trust-wide Finance policy.
V2	January 2021	P Edwards	<ul style="list-style-type: none"> • Changes to roles and responsibilities of Members, Trustees and CFO • Inclusion of Audit and Risk Committee • Inclusion of Budget Monitoring section • Changes to Fees and Charges, Sales Receipts and Cash Income • Inclusion of VAT section • Changes to Purchasing and Contract Management • Addition to Gifts and Hospitality • Changes to Delegated Authorities in Appendix B
V2.1	May 2023	P Edwards	<ul style="list-style-type: none"> • Updated to reflect Academy Trust Handbook notably inclusion of an annual assessment of Board to be included in Annual Report and Accounts; severance payments; inclusion of ESFA approval for certain indemnities. • Reference made to the Trust Gifts and Hospitality Policy • Reserves policy updated • Bad debt procedures clarified • Purchasing procedures clarified • Procurement and Tendering procedure changed to reflect changes brought about the end of the transition period following the UK's exit of the EU; and to include Data Protection Impact Assessment • Contract Management and Process clarified • Under Fixed Assets Accounting, a section for mobile phones and tablets has been added

			<ul style="list-style-type: none"> • Procedure for staffing business cases clarified in terms of budgetary impact • Overtime, expenses and allowances section expanded for clarification • Updated delegated authorities • Titles changed to reflect TPT structure • Addition of Policy Control Table • Formatted according to updated policy template
V2.2	October 2023		<ul style="list-style-type: none"> • Updated to reflect Academy Trust Handbook 2023, notably related party transactions do not require prior approval from the ESFA unless they exceed £40,000; the Board is no longer required to meet 6 times per year and therefore management accounts only need to be reviewed by the full Board when it meets • 'ESFA portal' replaced with 'GIAS' for clarity • Delegated authority, Goods & Services: COO & CEO approval raised to £250,000 following May 2023 Trust Board meeting. • Lettings policy to become the responsibility of the Trust rather than the academies • All related party transactions to be reported to the ESFA • Removal of Director of Operations from Schedule of Delegated Authority

Contents

Finance Policy	1
Document Control Table	2
Contents	4
About This Policy.....	6
Roles and responsibilities.....	6
Members.....	6
Trustees.....	6
Academy Quality Council	7
Accounting officer.....	7
Chief Operating Officer (COO).....	8
Governance Professional to the Board.....	8
All staff members	8
Governance and financial oversight.....	8
Internal Control.....	8
Audit & Risk Committee	9
Risk Management.....	9
Whistleblowing, fraud and irregularities.....	9
Financial Planning and monitoring	9
Budget monitoring.....	10
Funding.....	10
Reserves policy	11
Cash and investments	11
Borrowing.....	11
Retention of Finance and Payroll Records	11
Accounting methodology.....	12
Income	12
Fund income.....	12
Fees & charges.....	12
Sales receipts.....	13
Cash income	13
Trading activities	13
VAT	13
Budget management and purchasing.....	13

Budget management.....	13
Purchasing.....	14
Procurement and Tendering	15
Staff responsibilities	15
Contract management	15
Contract process.....	15
Indemnities	16
Data Protection Impact Assessments.....	16
Leases.....	16
Novel, contentious and repercussive transactions.....	16
Related Party Transactions.....	16
Register of interests.....	16
Related party transactions	16
Trust allowances.....	17
Special payments to staff.....	17
Staff severance payments	17
Compensation payments.....	17
Ex gratia payments.....	18
Gifts and hospitality	18
Vouchers as payments	18
Fixed Assets Accounting	18
Capitalisation	18
Disposal of assets.....	19
Equipment and inventories.....	19
Mobile phones and iPads.....	20
Pay and salaries.....	20
Responsibilities.....	20
Senior Leadership salaries	20
Changes to the workforce establishment.....	20
Overtime, allowances and expenses	21
Appendix A - The seven principles of public life.....	22
Appendix B – Scheme of Financial Delegation	23
Appendix C - The Prospect Trust Mobile Phone Guidelines	26

About This Policy

The purpose of this Finance Policy is to help ensure The Prospect Trust (the Trust) operates with accountability and transparency, meeting the requirements of the Funding Agreement (FA), Academy Trust Handbook (ATH), Academies Accounts Direction (AAD), Companies Act 2006 and the appropriate Charities SORP.

This policy applies to all Members, Trustees, Councillors and staff of The Prospect Trust.

Any members of these groups involved with the financial management of the Trust should be familiar with the content of this policy, any related policies and procedures, the Academy Trust Handbook and the Academies Accounts Direction.

Roles and responsibilities

All Members, Trustees, Academy Quality Councillors and staff must adhere to the 'seven principles of public life' - Appendix A.

The specific roles and responsibilities of all groups of people/individuals who carry financial and assurance responsibilities within TPT are set out in the Trust Scheme of Delegation.

The DfE will be notified via Get Information About Schools (GIAS) of any alterations to the personnel performing the roles of Member; Trustee; Academy Quality Councillor; Chairs of Trustees or Academy Quality Councils; accounting officer; and Chief Financial Officer.

Members

As a charitable company limited by guarantee, the Trust must have (at least three) Members who have a similar role to the shareholders of a company limited by shares.

They:

- are the subscribers to the Trust's memorandum of association;
- may amend the articles of association;
- may appoint (and remove) Members and Trustees;
- are to be kept informed about Trust business so they can be assured that the Trust board is exercising effective governance;
- may be special resolution, issue direction to the Trustees to take a specific action; and,
- appoint the Trust's auditors and receive the audited annual report and accounts.

If the Trust ceases to exist, they have a limited financial liability defined in the Memorandum and Articles of Association. Members' responsibilities and associated level of delegation are fully defined in the Trust Scheme of Delegation.

Trustees

The Trustees are both charity trustees and company directors. They focus on:

- ensuring clarity of vision, ethos and strategic direction;
- holding executive leaders to account for the educational performance of the Trust and its learners, and the performance management of staff;
- overseeing and ensuring effective financial performance; and,
- overall responsibility for risk management, including ultimate oversight of the risk register.

Trustees must ensure regularity and propriety in the use of the Trust's funds, and achieve economy, efficiency and effectiveness. The Trustees must also take ownership of the Trust's financial sustainability and its ability to operate as a going concern. The Board should identify the skills and experience that it needs and address any gaps through recruitment, and /or induction, training and other development activities. An annual assessment including a review of the Board's composition in terms of skills, effectiveness, leadership and impact is included in the Annual Report and Accounts

Trustees' responsibilities and associated level of delegation are fully defined in the Trust Scheme of Delegation.

Academy Quality Council

Each Academy has an Academy Quality Council (AQC) which is appointed by the Trust Board. The AQC is responsible for holding Principals to account for the Academy's performance with a strong focus on learner achievement.

Academy Quality Council responsibilities and associated levels of delegation are fully defined in the Trust Scheme of Delegation.

Accounting officer

The accounting officer of The Prospect Trust, who is employed by the Trust, serves as the Chief Executive Officer.

The accounting officer has a personal responsibility to Parliament and the ESFA for the resources under the Trust's control. The accounting officer must assure Parliament, and the public, of high standards of probity in the management of public funds, particularly regularity, propriety and value for money.

The accounting officer must have appropriate oversight of financial transactions by:

- ensuring that the Trust's property and assets are under the control of Trustees and measures exist to prevent losses or misuse.
- ensuring bank accounts, financial systems and financial records are operated by more than one person.
- keeping full and accurate accounting record to support the annual accounts.

The accounting officer must also demonstrate how the Trust has secured value for money via the governance statement in the audited accounts.

The accounting officer must complete and sign a statement on regularity, propriety and compliance each year and submit this to the ESFA with the audited accounts. They must demonstrate how the Trust has secured value for money via the governance statement in the audited accounts.

The accounting officer will advise the Board in writing if, at any time, in their opinion, any action or policy under consideration by them is incompatible with the terms of the Articles of Association, Funding Agreements or the Academy Trust Handbook. Where the Board is minded to proceed, despite the advice of the accounting officer, they must consider the reasons the Board gives for its decision. If, after considering those reasons their opinion is still that the action proposed by the Board is in breach, they must notify the ESFA immediately, and in writing.

Chief Operating Officer (COO)

The COO, who is employed by the Trust as the Chief Financial Officer (CFO), plays both a technical and leadership role, including ensuring sound and appropriate financial governance and risk management arrangements are in place, preparing and monitoring of budgets, and ensuring the delivery of annual accounts.

The COO must have the skills, knowledge, qualifications and experience to contribute to the leadership and the financial management of the Trust.

The COO need not discharge all of their duties personally. The Trust can ensure its needs are adequately served by employing staff or contractors with the relevant skills and knowledge at the appropriate time.

Governance Professional to the Board

The Governance Professional to the Board must be someone other than a Trustee, Principal or Chief Executive Officer of the Trust. The Governance Professional provides:

- administrative and organisational support;
- guidance to the Board in terms of compliance with the legal and regulatory framework; and,
- advice on procedural matters relating to the operation of the Board.

All staff members

All staff members across the Trust must be appropriately qualified and/or experienced and are responsible for:

- the security of Academy property;
- avoiding loss or damage;
- ensuring economy and efficiency in the use of resources;
- conforming with the requirements of the Trust's financial policies and procedures; and,
- reporting any misuse of Academy property or resources to their line manager.

Governance and financial oversight

The Board of Trustees meet at least six times per annum and has approved a written:

- scheme of delegation of financial powers that ensures appropriate separation of duties (Appendix B).
- internal control framework/financial procedures that support the maintenance of robust internal control arrangements and full and accurate accounting records.

Internal Control

The Trustees established a control framework that recognises public expectations about governance, standards and openness. The internal control framework includes:

- co-ordinating the planning and budgeting processes;
- applying discipline in financial management;
- preparation of monthly budget monitoring reports;
- ensuring that delegated financial authorities are respected ;
- effective planning and oversight of any capital projects;

- the management and oversight of assets;
- the propriety and regularity of financial transactions;
- reducing the risk of fraud and theft;
- ensuring efficiency and value for money in the organisation's activities; and,
- a process for independent checking of financial controls, systems, transactions and risks.

Audit & Risk Committee

The Audit & Risk Committee will meet separately at least four times per annum, to review financial scrutiny and oversight and to provide assurance over the suitability of, and compliance with, its financial systems and operational controls. This takes into account the differing risks and complexity of its operations and provides assurance to the Board that risks are being adequately identified and managed by:

- reviewing the risks to internal financial control;
- agreeing a programme of work to address, and provide assurance on those risks;
- employing suitably qualified finance consultants to carry out internal audits;
- planning a programme of works informed by the Risk Register;
- receiving and scrutinising internal reports and the assurance of the completion of relevant priority recommendations;
- ensuring completion and submission of the DfE School resource management self-assessment tool; and,
- receiving an adequate internal audit assurance letter.

Risk Management

The Trust has made a considered choice about its desired risk profile, taking account of its legal obligations, business objectives and public expectations. It has recognised and is managing present and future risks to ensure the effective and continued operation of the Trust, which are recorded in a risk register.

The Trust's procedures for the management of risk will include contingency and business continuity planning.

Where reasonable recommendations are made by risk auditors, they will be considered by the Trust.

Whistleblowing, fraud and irregularities

The Trust has a policy in place for whistleblowing, which is published on the Trust website. The policy highlights to whom staff can report their concerns, and the way in which such concerns will be managed.

All suspected cases of fraud or irregularity will be followed up by the Trust or through auditors or even via the Police. All investigations will be managed in a confidential manner.

Financial Planning and monitoring

The Board of Trustees must:

- ensure that financial plans are prepared and monitored, satisfying itself that the Trust remains a going concern and financially sustainable
- take a longer-term view of the Trust's financial plans consistent with the requirement to submit three-year budget forecasts to ESFA

- as part of its management of the Trust's funds, explain its policy for holding reserves in its annual report.

Budget monitoring

The Trust must prepare and monitor financial plans to ensure on-going financial health.

The Trust Board takes an integrated approach to curriculum and financial planning, so they are confident about offering the best curriculum for learners and delivering the Trust's educational priorities with the funding it has available.

Trustees must approve a balanced budget and any significant changes to that budget for the financial year to 31 August. This can draw on unspent funds brought forward. The Trustees will notify the ESFA within 14 days if it is formally proposing to set a deficit revenue budget for the current financial year, which it is unable to address, after unspent funds from previous years are taken into account.

The budget must be submitted to the ESFA annually in line with the ESFA timeline and following their template.

Budget forecasts must be compiled accurately, based on realistic assumptions, particularly on learner number projections, which will be reviewed termly.

The Trust must prepare management accounts every month setting out its financial performance and position. Management accounts must be shared with Chair of the Board every month and with the wider Board when it meets, as a minimum. The Board must ensure that appropriate action is taken to maintain financial viability including addressing budget variances.

The Trust must manage its cash position robustly. It cannot go overdrawn on any of its bank accounts, and the ESFA should be notified if the Board has concerns over liquidity.

Funding

The Trust operates a General Annual Grant (GAG) pooling approach to form one central fund of ESFA funding.

This fund can be used to meet the normal running costs at any of its constituent academies. Pooled balances will also be used to cover the cost of the effective management of the Trust. However, specific capital funding (Condition Improvement Fund) and any other restricted grants must be allocated to the relevant Academy.

Funding will be allocated to academies as set out in the annual budget approved by Trustees.

In line with the Academy Trust Handbook, if a Principal considers their Academy has been unfairly treated then they are to first raise this with the CEO, detailing their concerns in writing. Where a resolution has not been reached through the CEO, then the Principal's concerns must be escalated to the Board for consideration. Only after the full Board has approved the budget allocation, can the Principal, if they still feel their Academy is being unfairly treated, apply via the ESFA for the Secretary of State to intervene.

Reserves policy

The Trust's policy on reserves is:

- The Trust will retain a prudent level of resources that will enable the longer-term cyclical needs of the Trust to be met as well as holding a provision for any unforeseen contingencies.
- The Trust's in-year revenue income exceeds revenue expenditure (i.e. a balanced budget), so that general reserves are not depleted on normal operations.
- Reserves will be used primarily for capital investment across the Trust, where appropriate and on the basis of risk and need.
- Unrestricted and GAG restricted balance sheet reserves (excluding fixed asset and pension reserves) should exceed three per cent of annual turnover.

This policy may be adjusted at the time the budget is agreed depending on the existing financial conditions and subject to Board approval.

Cash and investments

The Trust Board may invest to further the Trust's charitable aims and objectives, but will ensure that investment risk is properly managed. The Board should ensure it has sufficient accessible cash to fund future capital investment needs.

The Trust is unable to borrow funds or overdrafts without Secretary of State approval, so it is important it retains sufficient liquid assets.

The Trust will ensure that:

- Minimum cash levels in the current bank account are set;
- No more than £2.0m will be invested at any one time;
- No individual investment can exceed £500k;
- No investment will be made for more than a period of 12 months;
- Investments will be placed with AAA-rated organisations;
- Any investment needs the approval of the Chief Executive Officer;
- Interest earned will be classified as Trust income.

Borrowing

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

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

Retention of Finance and Payroll Records

All records relating to the financial management of the Trust are retained as per the Trust's Data Protection Policy and in line with the General Data Protection Regulation (GDPR) and Data Protection Bill.

Specifically:

- all financial records are to be retained for six complete financial years plus the current financial year.

- Payroll and pension records are to be retained for a period of seven complete income tax years.
- Employer's liability insurance certificates are to be retained for 40 years.

Individual departments are responsible for the retention and storage of their relevant documents which must be readily available for Trust, DPO and/or audit review.

Accounting methodology

The Trust prepares accruals accounts, giving a true and fair view of the use of resources, in accordance with existing accounting standards.

Accrued income, accrued expenditure and prepayments are recorded on a monthly basis where the effect of not doing so would distort the management accounts in a material manner.

Income

Fund income

A schedule of income recognition is held indicating how income received and associated expenditure is treated within the Trust accounts, where the source of the income is additional to or being treated differently from the treatment indicated below:

- **Unrestricted fund** – containing resources which can be spent on any purpose at the discretion of the Trustees, including:
 - fees for hiring out facilities;
 - proceeds from other trading activities; and,
 - donations with no restrictions attached.
- **Restricted general fund** – containing revenue (running costs) resources sourced from restricted government/ESFA/public body funding which can only be spent on the purposes for which it was given. This includes the related expenditure:
 - ESFA programme funding;
 - high needs funding;
 - other revenue grants such as pupil premium; and,
 - donations with restrictions attached (i.e. received for specific revenue purposes)
- **Restricted fixed asset fund** – containing any capital funding received including condition improvement fund, devolved formula capital grant. Related expenditure, including depreciation will be charged to this fund.

Fees & charges

Unless directly managed by the Trust, each Academy will set its fees for their chargeable services at full cost, but can apply an additional rate of return if operating in a commercial environment. VAT must be applied where appropriate.

The Trust will have a lettings policy. The policy is a statement of the aims, principles and strategy used for dealing with lettings across the Trust and contains a schedule of chargeable rates.

Each Academy will have a policy in place for charging and remissions to cover items such as classroom sales, trips and activities in line with the DfE guidance for academies.

The Trust retains a central oversight of fees and charges and may override local policies in order to maximise income opportunities and/or ensure compliance with HMRC tax regulations.

Each individual booking will be supported by a completed and signed lettings agreement.

Where an Academy or a Trust central service is providing an on-going service to third parties, a formal service level agreement must be prepared, specifying the exact service being provided, start and end dates, fees & charges (including VAT) and should be signed by both parties. A central record of SLAs should be maintained by the relevant department and copied to the Head of Finance.

Sales receipts

All sales income from Academy customers must be fully invoiced and fully receipted on payment. All sales invoices must be recorded in a timely manner.

Non-payments of sales invoices will be reported to the COO to confirm if the debt is written off or referred to debt collection processes, who reserves the right to seek legal recourse. All bad debt write-offs must be documented and signed off by the COO.

Cash income

All cash income must be receipted. Cash must be stored in lockable cashbox/till during the working day and stored in a safe overnight. All cash collected must be reconciled to receipts issued by the collecting department on a daily basis, unless there are exceptional circumstances. All cash must be deposited weekly.

To comply with insurance arrangements cash levels must not exceed £2,500, and arrangements to collect and bank cash will be made by the Head of Finance.

Trading activities

Trading activities across the Trust will be monitored to ensure that they adhere to agreed sales and expenditure plans.

VAT

The Trust is VAT registered. Guidance should be sought from the COO or Head of Finance when applying charges to third parties as VAT made need to be applied.

Budget management and purchasing

Budget management

The Head of Finance has delegated the responsibility for managing individual budgets to the relevant budget holders.

Notification of individual budgets will be provided by the Head of Finance at the start of the financial year.

The Head of Finance and/or COO reserves the right to change budget allocations at any time.

Budget monitoring information will be provided by the Finance Team to budget holders on a monthly basis outlining actual expenditure against (profiled) budgets.

The budget manager is responsible for ensuring that the budget is not overspent and adheres to the intended and agreed spending plans. Significant variances should be reported to the Head of Finance and then to the COO in a timely manner.

Under/overspends cannot be transferred into or offset against subsequent financial year budgets.

Purchasing

All purchases must be supported by an official authorised purchase order. Where this is not possible, the Finance team must be informed. If a budget manager fails to adhere to this, the COO and Head of Finance may change budget allocations or budget authorisations.

The purchase order must be reconciled to the goods/services received and the final invoice. This must be authorised by the budget holder.

The Trust's electronic purchase order system – Zahara – must be used to raise purchase orders in all but exceptional circumstances.

All period end accruals (where the service has been received but the invoice not paid) must be reported to the Head of Finance within the agreed timelines. Year-end accruals must be reported to Finance by the end of each September. Failure to do this may result in the related costs being allocated to budgets for the new academic year.

Trust purchasing documents/forms must be used to procure goods and services.

Credit card purchases should only be used in exceptional circumstances and should be fully receipted. Monthly statements should be fully reconciled with receipts by the credit card holder in advance of passing all supporting documentation (statements and receipts) to the Finance Department for payment. Credit cards should not be shared between individuals and credit card holders are fully responsible for the payments made on their allocated cards.

The use of on-line retailers without relevant purchase orders must be kept to a minimum and only used in exceptional circumstances and/or where significant cost savings have been identified in advance. Significant or regular spending via on-line retailers will be questioned by the Finance Department and/or the COO.

Specialist item purchases on major ICT, Estates & Facilities and health and safety should be made via the respective ICT, E&F and H&S service managers. This includes laptops, chromebooks, iPads, mobile phones, PPE programmes, furniture, adaptable chairs and desks and will help to promote value for money and consistency of service delivery.

Tendering limits for purchasing identified in Appendix B should be adhered to. Where a purchasing manager is unable to comply with this, written authorisation from the COO should be sought in advance, outlining why individual purchases cannot meet the stated requirements. The COO will report significant deviations to the Board on a regular basis.

In line with ESFA guidance, alcohol cannot be purchased using Trust funds including for gifts and for hospitality purposes.

The Trust is VAT registered. As such it is able to reclaim the VAT that it pays on the bulk of its non-pay expenditure. Therefore all purchases must be supported by relevant VAT receipts.

Procurement and Tendering

Staff responsibilities

All staff must ensure:

- Spending is for the purpose intended and there is probity in the use of public funds.
- Spending decisions represent value for money.
- Internal delegation limits are applied (Appendix B).
- A competitive tendering process is in place and DfE requirements to advertise tenders are adhered to.
- Purchase orders are raised for all purchases, fully authorised and matched with invoices prior to payment.

Contract management

The Trust will compile a central contract and procurement register maintained by the Trust Executive. The Trust will review this annually when the budget is set to determine which contracts are due for renewal. This should document:

- Academy/Department;
- Purpose of contract;
- Method of procurement;
- Value of contract;
- Responsible person; and,
- Renewal date.

Academies and Trust central services should inform the Finance Department and the Trust Executive of all contracts (or SLAs when services are being provided to third parties).

Contract process

Delegated limits for contracts are outlined in Appendix B and must be adhered to by all purchasing managers.

Where tenders are needed, they must be received by the Head of Finance or a delegated person who is not responsible or connected to the provision of the contract or contractors. Tenders will be retained securely until they are opened. This will be in the presence of two people including the Head of Finance (or a delegated representative).

No supplier or contractor should be made to believe they have exclusive rights to the Trust's custom and regular re-appraisal of costs and services must be carried out.

In certain circumstances, it may not be possible to apply the delegated levels or tender processes. Requests to deviate from the agreed purchasing approach can only be sanctioned by the COO and/or Trust Board following receipt of a written request in advance. The written submission must outline how value for money has been secured.

To respond to market conditions, it may be necessary to secure a major contract in a timeline that falls outside of the normal governance cycle. In such circumstances, the Board may approve a contract via virtual communication from the COO or CEO. However, in very exceptional circumstances (to respond quickly to secure materials or contractor commitment) it may be not practical to seek this Board approval within the specific timelines. As such, the COO and CEO must provide advance notice of any major contracts

to the Board and seek advanced delegated authority to agree contracts. All correspondence relating to this must be fully documented.

Indemnities

The Trust will maintain a register of known indemnity clauses including necessary assessments. Indemnities within catering contracts, energy contracts, etc. are considered to be within business as usual. The COO must be made aware of indemnities that are not in the normal course of business prior to contract approval. Such indemnities require ESFA approval.

Data Protection Impact Assessments

All software purchases must be made in full consultation with the Head of ICLT (for teaching & learning software) and the Head of IT (for all other types of software) and a data protection impact assessment must be completed.

Leases

Academies can only enter into operating leases e.g. rental agreements and will ask – via the Trust – for the Secretary of State's consent if they wish to:

- take out a finance lease on any class of asset for any duration from another party, as this would represent borrowing;
- take up a leasehold or tenancy agreement on land or buildings from another party for a lease term of more than five years
- grant a leasehold or tenancy agreement on land or buildings to another party for a lease term of more than five years.

Novel, contentious and repercussive 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 be referred to the ESFA by the Board of Trustees for explicit prior authorisation.

Related Party Transactions

Register of interests

Academies will keep and maintain an up-to-date register of interest that captures relevant business and pecuniary interests of Members, Trustees, Councillors and senior employees,

Related party transactions

Related party transactions are goods or services provided by individuals or organisations connected to the Trust. All related party transactions must be reported to the ESFA in advance or agreement commencing or being renewed. Related party transactions that exceed £40,000 within a financial year require prior approval from the ESFA in advance of them taking place and declared in the year-end annual financial report.

Related parties include:

- persons connected to an individual including relatives or a member of the same household.

- a third party individual or organisation carrying on business in partnership with a Trust individual.
- a company in which an individual holds more than 20 per cent of the share capital or is entitled to exercise more than 20 per cent of its voting power.

In order to ensure that there can be no real or perceived conflicts of interest the Trust will pay no more than 'cost' for goods or services provided to it by any individual or connected organisations.

While these provisions do not apply to contracts of employment, the same principles of securing value for money and using public money properly, including managing conflicts of interest, still apply. Salaries paid should be appropriate to the individual's skills and experience and the salary rates paid in the wider market.

Trust allowances

The Trust will reimburse Members, Trustees and Councillors for actual costs incurred in carrying out their duties.

Special payments to staff

Staff severance payments

Academy severance payments will be managed and administered by the Trust's Director of HR who will consider whether:

- the proposed payment is in the interests of the Trust.
- the payment is justified, based on a legal assessment of the chances of the Trust successfully defending the case at employment tribunal.

If the settlement is considered to be justified, then the CEO would need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an employment tribunal) is likely to award in the circumstances. If the settlement is related to Academy Leadership or a member of the Trust Executive or the Trust Board need to consider the level of settlement.

Where a legal assessment suggests that the Trust is likely to be successful, a settlement may still be offered, taking into account legal fees.

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

The Trust must adhere to the limits for paying non-statutory and non-contractual payments as set out in the Academy Trust Handbook. Where a limit is exceeded, prior approval from the ESFA is required. The Trust's external auditors will also be made aware of any such cases.

Compensation payments

Where the Trust is deemed negligent, it will make appropriate compensation payments to provide redress for loss or injury, for example: personal injuries; traffic accidents; or damage

to property. If the Board is considering making a compensation payment it will base its decision on a careful appraisal of the facts, including legal advice where relevant, and ensure that value for money will be achieved.

Where a compensation payment has been necessitated by an event that reveals concerns about the effectiveness of internal control systems, the Board of Trustees will take any necessary steps to put failings right.

Ex gratia payments

Ex gratia payments which go beyond statutory or contractual cover or administrative rules e.g. payments to meet hardship caused by official failure or delay, and payments to avoid legal action on the grounds of official inadequacy, will always be referred to the ESFA by the Board for prior authorisation.

Gifts and hospitality

The Trust has a policy in place for receiving gifts and hospitality, which is published on the Trust website. The policy applies to all members of Trust staff, Members, Trustees (including Audit and Risk Committee Members) and Academy Quality Councillors. The policy covers gifts from students and parents as well as suppliers, potential and existing.

When making gifts, the Trust must ensure that the value is reasonable, is within its scheme of delegation, the decision is documented and achieves propriety and regularity in the use of public funds. This covers gifts to staff, Members, Trustees (including Audit and Risk Committee Members) and Academy Quality Councillors and Academy Quality Councillors. The Trust's current limit is £50 for gifts. Any gifts in excess of this needs to be authorised by the COO, CEO or Trust Chair.

No gifts such as Christmas or Birthday presents, retirement or leaving gifts in lieu of staff collections, vouchers or alcohol should be made with Trust funds.

Vouchers as payments

The Trust may occasionally use vouchers as incentives, for example in recruitment 'Recommend a Friend'. Any vouchers to staff in excess of £50 must be reported to the Head of Finance, in advance to confirm HMRC compliance.

Fixed Assets Accounting

Fixed Assets are recorded in the Fixed Asset Register and will fall into one of the following categories:

- Land and buildings
- Plant and machinery
- Furniture, fixtures, fittings and equipment
- Computer equipment, including software
- Motor vehicles.

Capitalisation

Details are recorded only of assets which have been capitalised, have an individual or collective value in excess of £5,000 and will attract depreciation.

Depreciation is accounted for on all tangible and intangible fixed assets other than freehold land at rates calculated to write off the cost of each asset on a straight-line basis over its useful economic life. The useful economic life for each category of fixed asset is as follows:

Freehold Land	Indefinite
Freehold buildings	50 years
Plant and machinery	10 years
Furniture, fixtures and fittings	10 years
Vehicles	5 years
Computer hardware and software	4 years.

All fixed assets are reflected within the fixed assets register at the date that they are first brought into use. Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Disposal of assets

The Academy will seek and obtain written approval from the Secretary of State, via the ESFA, for the following:

- Disposing of a freehold on land or buildings;
- Disposing of heritage assets beyond any limits set out in the Trust's funding agreement in respect of the disposal of assets generally;
- Novel or contentious property transactions
- Acquiring a freehold on land or buildings.

The Trust must seek the approval of the ESFA in writing if it proposes to dispose of an asset for which capital grant in excess of £20,000 was paid. The Trust will reinvest the proceeds from all asset sales for which capital grant was paid into other Academy assets. Where the sale proceeds are not reinvested then the Trust will repay the ESFA a proportion of the sale proceeds.

Authorisation must be obtained to write off/dispose of other assets from the COO (as indicated in Appendix B), who will inform the Head of Finance to update the fixed asset register and the Trust insurers.

Disposal of equipment to staff is not encouraged, unless it is on the same terms, especially with regard to the benefit the Trust would obtain in any sale or scrapping of the equipment. With the disposal of computer equipment, as the Trust will ensure that licences for software programmes have been legally transferred to a new owner.

The Board will be provided by the COO with an update of write offs/disposals and this should be recorded in the minutes of the meeting, stating that Trustees have ratified the decision.

Equipment and inventories

Every member of staff has a responsibility to take all reasonable steps to safeguard the Trust's assets.

Each department will be required to compile and maintain an inventory, showing date of purchase, description, serial numbers cost and location. These records will be compiled by the Academy and submitted to the Trust for (audit) scrutiny on an annual basis.

All equipment and inventory items should be indelibly marked (Academy name, department) to make the disposal of stolen items more difficult. Where possible, all valuable equipment and inventory items should be kept in secure rooms.

Equipment must only be taken off site, with the prior permission of the Academy Principal/Head and every equipment loan should be recorded, monitored and returned in line with agreed timelines.

Mobile phones and iPads

The Trust will allocate mobile phones and iPads to staff based on operational need and in line with the TPT Mobile Phone Guidelines – Appendix C.

All mobile communication equipment should be used for business purposes only and is not a replacement for a personal phones and iPads. The Head of Network Services and the Head of IT will determine the type of mobile equipment allocated.

Pay and salaries

Responsibilities

The Trust Board is responsible for:

- approving the pay policy;
- approving the payroll provider and ensuring that the arrangements for processing salaries, wages and pensions are in accordance with this finance policy;
- approving changes to personnel who have authorising responsibilities;
- approving pay increases annually;
- reviewing pay structures including allowances ;
- ensuring that senior employees' payroll arrangements fully meet their tax obligations and that they comply with HM Treasury's guidance; and,

Senior Leadership salaries

The Chair of the Board is responsible for authorising changes to the CEO's, the Executive Leadership and Principal salaries. The CEO is responsible for authorising changes to Senior Leadership team salaries.

Changes to the workforce establishment

New staff and changes to salaries of individual staff should be appointed using the business case procedure which requires sign off from an Academy Principal and a member of The Prospect Trust Executive Leadership Team.

Business cases must be provided for all changes to the agreed budgeted staffing levels, outlining the operational and cost:benefit rationale as well as the net full cost impact on the pay budget. Business case will be approved by the Trust Executive team.

The Director of HR (via the HR team) is responsible for:

- ensuring that appointment, promotion and termination of employment forms are completed and passed to Payroll for processing

- notifying Payroll of new, discontinued or changed staff contracts and other circumstances that impact on payroll
- maintaining a record of those authorised to make payroll changes and their specimen signatures
- keeping personnel records for each member of staff
- ensuring that statutory documents are kept for staff including the requirements from the pensions' schemes, which may be kept at the payroll provider's office

The Head of Finance is responsible for the monthly check of the cost of employment against budget for each employee; for investigating and recording variances; and discussing with the COO, in consultation with HR and Academy Principals/Heads, changes to the forecast salary costs.

The Trust has a contract with a third-party provider for the provision of payroll services.

Overtime, allowances and expenses

All overtime, allowances and expenses should be claimed in accordance with Trust/Academies rates and fully comply with HMRC regulations, i.e. fully documented and receipted and should be submitted at the end of the relevant month.

Travel between academy sites is regarded as business travel and can be claimed via the expenses form. However, all staff claiming any business mileage must ensure they have the appropriate business insurance cover.

All overtime should be fully justifiable and only required where delivery within normal working hours is not possible. All overtime must be approved in advance by the relevant line manager, who in assessing the request will consider:

- whether the overtime is required;
- That the work cannot be completed in normal operational hours
- That Time Off in Lieu (TOIL) is not appropriate.

Overtime or expenses forms must be fully completed, eligible, signed and fully authorised. Incomplete or ineligible forms will be returned. Forms submitted or resubmitted late will not be paid until the following pay cycle unless there are exceptional circumstances and approved by the COO.

Overtime forms must be submitted to the agreed payroll email address. Forms sent to other departments (Finance or HR) cannot be guaranteed to be paid on time.

All overtime should be claimed within two months. The Head of Finance or COO reserves the right to reject any historical claim form.

The CEO or COO reserve the right to restrict the provision of overtime at any time. The COO reserves the right to amend the agreed submission dates.

Senior Managers and other senior post holders within the Trust are expected to work additional hours and should not claim overtime.

Appendix A - The seven principles of public life

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. 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.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. 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.

5. 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.

6. Honesty

Holders of public office should be truthful.

7. 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.

Appendix B – Scheme of Financial Delegation

Delegated Duty	Value	Delegated Authority	Method
Ordering Goods and Services	Up to £1,000 within budget allocation	Budget Holder	Use personal discretion, while demonstrating value for money
	£1,000 to £5,000 within budget allocation	Budget Holder	Minimum of three written quotes
	£5,000 to £10,000	Budget Holder	Formal tendering process
	£10,000 to £50,000	COO and Principal	Formal tendering process
	£50,000 to £250,000	COO and CEO	Formal tendering process
	Over £250,000	Trust Board	Formal tendering process (unless agreed otherwise by the Trust Board, including advertising in OJEU (if over the OJEU threshold))
Ordering Goods & Services for Estates & Facilities and ICT only	Up to £5,000	Site Supervisors, Head of ICT	Use personal discretion while demonstrating value for money
	£5,000 to £15,000	Head of Estates & Facilities, Head of ICT	Minimum of three written quotes or for Estates & Facilities only, Board approved Measured Term Contract (MTC)

Delegated Duty	Value	Delegated Authority	Method
	£15,000 to £50,000	COO	Formal tendering process or for Estates & Facilities only, Board approved MTC
Ordering Goods & Services for Estates & Facilities and ICT only	£50,000 to £250,000	COO and CEO	Formal Tendering process
	Over £250,000	Trust Board	Formal tendering process (unless agreed otherwise by the Trust Board, including advertising in OJEU (if over the OJEU threshold)
Disposal of assets (other than freehold land and buildings, and heritage assets, which must have Secretary of State approval)	Up to £5,000	COO	
	Above £5,000	Trust Board and Secretary of State approval if required.	Formal notification
Write-off of bad debts, entering into guarantees, giving indemnities (in the normal course of business) or letters of comfort (excluding those relating to borrowing by the Trust).	Up to £1,000 per debtor of income at risk through non- payment	COO	
	Above £1,000 per debtor.	Trust Board and where applicable the Secretary of State.	Formal notification

Delegated Duty	Value	Delegated Authority	Method
Indemnities not in the normal course of business	Any	ESFA	Formal notification
Purchase, sale or disposal of any freehold property	Any	Secretary of State approval required	Formal notification
Granting or take up of any leasehold or tenancy agreement exceeding five years	Any	Secretary of State approval required	Formal notification
Lettings Policy		Academies to maintain	Reviewed annually
Finance Policy		COO to maintain	Reviewed annually
Annual Accounts		COO to coordinate for approval by Audit & Risk Committee	Completed annually in line with ESFA and Companies House deadlines

Appendix C - The Prospect Trust Mobile Phone Guidelines

The following sets out the framework for the distribution and management of mobile phones across the Trust.

This is a guidance document that all staff are expected to follow, but this does not constitute a formal policy document.

The key principles are:

- Mobile phones will be issued to staff on the basis that it is used for work-based communication.
- All phones must adhere to the Trust's Use of Technology Policy and all users must ensure that the appropriate security measures are installed and used (face recognition, touch recognition, password controlled).
- All mobile phone users should be logged in with a Trust approved Managed Apple ID
- The use of mobile phones in terms of on-line searches, social media and music, media and other streaming services must comply with the Trust's Use of Technology Policy.
- Trust phones should only be used for personal use by exception and/or in emergencies.
- Mobile phones are to be issued on the basis of business need and not necessarily organisational hierarchy. The Head of Network Services will assess business need in consultation with the member of staff and relevant line manager.
- The Trust will issue the same standard phone to all new users of phones from 1 September 2022.
- From September 2022, all new phones issued will be the **iPhone SE** model and the Head of Networked Services will determine the colour and storage size.
- The Head of Network Services with the Head of ICT will assess on a regular basis the best phone to issue and reserves the right to change the standard model.
- The COO or CEO can flex the type of phone issued to an individual/service on ad hoc basis according to business need.
- The appropriate use of phones will be monitored as part of the Use of Technology Policy, but the Head of Networked Services will also monitor the volume of calls and data use. High and/or low users may be asked to amend their current set up to one that better reflects their work patterns.
- All phones will be procured by the Head of Network Services only. Individuals or Departments cannot buy phones from Departmental budgets in isolation.
- The Head of Network Services, in conjunction with the Head of ICT will manage all call and data contracts with the appropriate telecommunications provider. No other phone contracts should be entered into.
- The Head of Network Services will be responsible for managing the asset inventory for mobile phones.
- Staff will be accountable for the maintenance of their phones. All damage or losses must be reported to the Head of Networked Services.
- In accordance with existing HR arrangements, all phones, chargers, and associated cabling must be returned if an individual leaves the Trust.
- The principles set out above also apply to the distribution of iPads and any other mobile device.

In addition,

- Phones issued up to 1 September 2022 can be retained by staff, but the Head of Networked Services, Head of ICT and COO reserve the right to re-distribute Trust assets on an individual basis and replace any existing phones with an iPhone SE.
- This guidance will be reviewed on an annual basis.
- The COO or CEO reserves the right to flex this guidance at any time.
- This guidance will take effect from 1 September 2022.

Paul Edwards

Chief Operating Officer

1 September 2022