

Financial Scheme of Delegation

1. Introduction

The purpose of this document is to ensure that the Trust maintains and develops systems of financial control which conform with the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).

The Trust must also comply with the principles of financial control outlined in the academies guidance published by the Education & Skills Funding Agency (ESFA).

This scheme of delegation of financial powers is designed to clarify who is responsible for what regarding all financial matters.

The scheme should be read in conjunction with the following documents:

- Academies Financial Handbook
- Operational Financial Procedures Manual
- Competitive Tendering Policy
- Staff Financial Procedures (Budget Holder's Guide)

2. Powers and duties reserved by the Education & Skills Funding Agency

The Trust is provided with guidance in the Academies Financial Handbook regarding which transactions require prior approval by the ESFA, following Trust Board approval. The relevant parts of the Academies Financial Handbook (2020) are summarised below.

a. Novel, contentious and repercussive transactions

These **must** be referred to the ESFA for prior approval.

- Novel transactions are those of which the Trust has no experience, or are outside its normal range of business.
- Contentious transactions are those that might give rise to criticism of the Trust by Parliament, the public or the media.
- Repercussive transactions are those likely to cause pressure on other trusts to take a similar approach and hence have wider financial implications.

b. Write-offs and entering into liabilities

The Trust may perform the following transactions up to the limits set out below:

- writing off debts and losses
- entering into guarantees, letters of comfort or indemnities (excluding those relating to borrowing by the Trust).

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 financial year per category of transaction for trusts that have not submitted timely, unqualified accounts for the previous two financial years.
- Cumulatively, 5% of total annual income in any one financial year per category of transaction for trusts that have submitted timely, unqualified financial returns for the previous two financial years.

Beyond these delegated limits, the Trust **must** obtain the ESFA's prior approval of the transaction.

The authority to approve these transactions up to the limits given above has been delegated to the Trust Finance Committee (see below).

c. Acquisition and disposal of fixed assets

The Trust **must** obtain prior approval from the ESFA, for the following transactions:

- Acquiring a freehold of land or buildings
- Disposing of a freehold of land or buildings
- Disposing of heritage assets, as defined in financial reporting standards

d. Leasing

There are two types of lease:

- Finance leases: these are a form of borrowing
- Operating leases: these are not borrowing

The Trust **must** obtain the ESFA's prior approval for the following lease transactions:

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

Other than the above, trusts do not require the ESFA's approval for operating leases.

3. Powers and duties reserved for the Trust Board

The Trust Board has overall responsibility for the administration of the Trust's finances. The main responsibilities of the Trust Board are prescribed in the Funding Agreement between the Trust and the DfE. The full responsibilities are documented in the written terms of reference which have been authorised by the Board. Regarding financial controls, the Trust Board shall be responsible for:

a. Scheme of Delegation

Approving a written scheme of delegation of its financial powers and duties to its Finance and Audit Committee, the Chair of the Trust Board, the Executive Headteacher, the Academy Headteachers, the Trust Finance Officer, School Business Managers, Finance Managers and other staff. The scheme must satisfy the Trust Board's ultimate responsibility for ensuring that there are adequate operational controls in place for all the financial processes within the academies and that value for money and probity is maintained. It should be noted that the Scheme of Delegation complements the Trust's Operational Financial Procedures Manual and should be operated in conjunction with this document. The Scheme of Delegation should be reviewed and approved on a regular basis (at least annually) in respect of its content and effectiveness in operation, and against any weaknesses exposed either in the external or internal audit reports. The approval should be formally minuted through the Finance Committee on behalf of the Trust Board.

b. Audit

Receiving and considering the full Audit Management Report for the Trust issued by the Trust's external audit provider, which should be presented to the Trust Board for approval and acceptance within four months of the financial year-end.

Note: appointment of external auditors is a function of the Members of the Trust

Liaising with the external audit provider, if the auditor suspects any irregularity affecting resources of the Trust.

Formally agreeing the internal audit provision for the Trust, following recommendation made by the Finance Committee.

Receiving and considering appropriate internal audit reports from the Finance Committee.

Keeping the Department for Education (DfE) and the ESFA informed of any suspicions relating to resource irregularity identified through either internal or external audit processes.

c. Budgets/Budgetary Control

Receiving and considering a full report of the Trust's accounts and financial position as at 31st August each year for approval and sign off within four months of the financial year-end.

Formally approving (and minuting the approval of) the Trust's 3-year budget plan annually, by the start of the new financial year.

Receiving and considering minutes of budgetary control reports from every meeting of the Finance, Audit & Risk Committee with relevant explanations and supporting documentation where required.

The Chair of the Trust Board or the Chair of the Finance, Audit & Risk Committee may increase or decrease income and expenditure estimates up to a maximum value of £100,000. Any such change must be reported to the next Trust Finance, Audit & Risk Committee meeting. Any change greater than £100,000 must be approved at a Trust Board meeting.

Working with the Academy Committees to enable them to fulfil their duties as described in section 5

d. Contracts and Major Purchases

Authorising any purchases or contracts over £100,000, including those which exceed the OJEU limit. Usual practice should be to secure Trust-wide contracts wherever possible to ensure best value.

Where an approved trust-wide contract is in place, authority for the schools' draw-down on this contract is delegated to the Headteacher(s).

Where no trust-wide contract exists, individual or aggregated purchases over £100,000 must be authorised by the Trust Board.

e. Register of interests

- Maintaining a Register of Business and Pecuniary Interests (to include details of any controlling share holdings and/or substantial financial interests in organisations whose supplies or services could conceivably be linked to the Trust or whose supplies or services could conceivably be linked to the Trust in the future), for all members, Trustees, local governors, senior employees and any other key staff with a role in selecting contractors or suppliers for major purchases. This will be used to ensure there are no conflicts of interest in awarding major works or that any such interest is declared in advance so that the individual can be removed from any decision taking on the award of such a contract or major purchasing decision.
- Publishing on the trust website relevant business and pecuniary interests of members, trustees, local governors and accounting officers. Trusts have discretion over the publication of other individuals named on the register.

f. Special staff severance payments

Per the Academies Financial Handbook, in considering making a staff severance payment outside the statutory or contractual requirement, the Trust Board will consider the following before making a binding commitment:

- That the proposed payment is in the trust's interests
- Whether the payment is justified, based on a legal assessment of the trust's chances of successfully defending the case at employment tribunal. If there is a significant prospect of losing the case, a settlement may be justified. Where a legal assessment suggests the trust is likely to be successful, a settlement should not be offered

- If the settlement is justified, the Trust would need to consider the level of settlement. This must be less than the legal assessment of what the relevant body (e.g. an employment tribunal) is likely to award.

Special severance payments should not be made where they could be seen as a reward for failure, such as dismissal for gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where the legal advice is that the claimant is likely to succeed 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.

If the Trust is considering making a compensation payment, it must consider whether the proposed payment is based on a careful appraisal of the facts, including legal advice and that value for money will be achieved. It is also good practice to consider routinely whether particular cases reveal concerns about the soundness of the control systems; and whether they have been respected as expected. It is also important to take any necessary steps to put failings right.

Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more, (gross, before deductions) the ESFA's prior approval must be obtained before making any binding offer to staff. ESFA will refer such transactions to HM Treasury, so trusts should allow sufficient time for proposals to be considered. For a summary of when ESFA approval is/is not required, see table 3 in Section 12.

The Trust Board should demonstrate value for money by applying the same scrutiny to a payment under £50,000 as those above £50,000, and have a justified business case.

In all cases where a staff severance would result in an LGPS (GMPF) pension strain costs, this must be agreed with the Trust Board before any binding offer is made to staff.

4. Powers and Duties delegated to the Finance Audit & Risk Committee

The Finance Audit & Risk Committee is a sub-committee of the Trust Board. The Finance Audit & Risk Committee meets up to 6 times per year but extraordinary meetings can be arranged if necessary.

A requirement of the Academies Financial Handbook, produced by the ESFA, is that the Trust has an Audit & Risk Committee in place. The Trust Board has agreed for the functions of the Audit & Risk Committee to be met within a combined Finance Audit & Risk Committee. This fulfils the ESFA requirements as the Trust income is below the designated financial upper limit in the Academies Financial Handbook.

The Finance Audit & Risk Committee shall be responsible to the Trust Board for:

a. General

Exercising the powers and duties of the Trust Board in respect of the financial administration of the Trust, other than for those items specifically reserved for the Trust Board. Also, for overseeing those responsibilities delegated to the Executive Headteacher, the Academy Headteachers and those delegated to other staff including the Trust Finance Officer and School Business Managers. All requests for the use of reserves funds require approval by the Trust Board.

Holding a meeting at least once per term (three times a year) at which matters of finance and related items are discussed. Actions are agreed under delegated powers and key points reflected in the minutes of that meeting. Copies of these minutes are made available to all Trustees and all Headteachers.

Providing guidance to the Trust Board and other sub-committees regarding financial matters.

Approval of any self-assessment or financial documentation submitted to the ESFA.

Noting any recommendations made following DfE operated Financial Management Reviews of the Trust as a custodian of public funds and agreeing an action plan for any necessary improvements.

Approving the Trust's Operational Financial Procedures Manual and all corresponding financial policies relating to systems of financial control.

Approving the disposal of assets of a current net book value of greater than £5,000.

b. Budgets/Budgetary Control

Agreeing a draft of the annual budget plan on behalf of the Trust Board (and for subsequent approval by them), with indicative budgetary figures for the following two years.

Considering budgetary control reports on the Trust's financial position at every meeting, taking appropriate action to contain expenditure within the budget and monitoring achievement of value for money, and outturn costs versus budgeted costs, for major expenditure. These matters are also reported on to the Trust Board, whilst also informing the Headteachers.

Reporting to the Trust Board about all significant financial matters, and any actual or potential overspending, including where such matters may have implications for the ongoing educational management of the Trust and/or for student outcomes.

Approving the write off of any bad debts that will affect the accounts, up to the limits that require ESFA approval (see section 2).

c. Audit

Involvement in the selection process for internal audit provision, making a recommendation for appointment to the Trust Board.

Attend a meeting with the external auditors prior to final accounts being presented to the Trust Board to discuss the accounts and in particular the contents of the management letter.

Agreeing a programme of works for the internal audit provision, taking into account key risks for the Trust.

Review reports provided by both internal and external audit provision and ensure actions and recommendations are met by management.

d. Contracts and Major Purchases

Authorising purchases or contracts over £100,000; including agreeing the tender or procurement process prior to issue.

5. Powers and Duties delegated to Academy Committees

Academy Committees are charged with ensuring that the school is managing its finances well within the budget set by the Trust Board. In order to do this, they will:

- Receive regular financial updates for discussion and feedback
- Communicate any concerns and/or requests about finance or financial management to the Trust Board through the Chair, including requests for additional funding such as for capital projects
- Receive and discuss draft budget plans, with a focus on ensuring that it is appropriately spent for the good of students and supports improvement priorities/development plans
- Maintain and review regularly the school's risk register, with the support of the Headteacher and senior leadership team
- Sign off virements as per the table in section 12

6. Powers and Duties delegated to the Executive Headteacher

The Executive Headteacher has delegated overall executive powers and functions in respect of internal organisation, management and control of the Trust. Whilst the Executive Headteacher retains overall executive responsibility for the financial operations incorporated within the above and is referred to as the Accounting Officer for the Trust, much of the day-to-day financial management is directly delegated to the Academy Headteachers, Trust Finance Officer, School Business Managers and Finance Managers as outlined in section 6. The Executive Headteacher will however, hold direct or joint responsibility for the areas detailed below:

a. Budgetary control

Reviewing income and expenditure documentation highlighted by the Academy Headteachers, Trust Finance Officer, School Business Managers and Finance Managers, where actual or potential overspending or poor value for money is indicated and taking the appropriate action jointly with the Academy Headteacher and Trust Finance Officer to remedy the situation and for reporting this to the Finance Committee.

Approving the virement between (and within) budget headings within any year, where such virement has a value of less than £30,000 per annum.

Approving an increase or decrease in the net budget for the year up to a maximum of £30,000 per annum.

In the case of additional funding, the Executive Headteacher may increase income and expenditure estimates to match the funding available.

b. Contracts and Purchasing

Authorising expenditure of between £10,000 and £50,000 in value.

Signing contracts together with the Academy Headteachers and Trust Finance Officer on behalf of the Finance Committee.

Acting as a signatory/authoriser for the bank for both cheques and BACS payments.

c. Security of Assets

Ensuring (jointly with the Academy Headteachers, Trust Finance Officer and School Business Managers), that proper security is maintained at all times for all buildings, furniture, equipment, vehicles, stocks, stores, cash, information and records etc. under his/her control.

7. Powers and Duties delegated to the Trust Finance Officer, School Business Managers and the schools' Finance Managers

The Trust Finance Officer, School Business Managers and schools' Finance Managers work in close collaboration with the Academy Headteachers, and the Executive Headteacher through whom they are directly responsible to the Trust Board. The Trust Finance Officer also has direct access to the Trust Board via the Finance Committee. The main responsibilities of the Trust Finance Officer, School Business Managers and schools' Finance Managers are:

a. Banking Arrangements

Maintaining proper records of account, including bank and charge card reconciliations ensuring there is an adequate segregation of duties.

b. Audit

Ensuring that all records and documents are available for audit by the appointed external and internal auditors, and liaising with the external and internal auditors throughout the year to ensure a smooth and efficient audit process.

c. Budgets/Budgetary Control

Regular monitoring of expenditure and income against the approved budget and submitting reports on the Trust's financial position to specified meetings of the Academy Committee and each meeting of the Trust Finance, Audit & Risk Committee. Any actual or potential overspending shall be reported to the Academy Committee and the Trust Finance, Audit & Risk Committee.

Preparing an annual draft budget plan for consideration by the Academy Committee(s) and the Trust Finance, Audit & Risk Committee before the start of the relevant financial year.

Consulting on and implementing virements with the Academy Headteacher's approval between and within budget headings up to a value of £25,000. Any virement beyond this level is subject to approval of the Executive Headteacher and the Chair of the Trust Board or the Chair of the Finance, Audit & Risk Committee.

d. Contracts and Purchasing

The Trust Finance Officer and School Business Managers:

- Can authorise expenditure of up to £5,000 in value.
- Can sign contracts together, with the Headteacher, on behalf of the Academy Committee and the Trust Finance, Audit & Risk Committee
- Will act as a signatory/authoriser for the bank for both cheques and BACS payments.
- Will ensure that all contracts, contractual agreements and major purchases conform with all the financial policies and procedures of the Trust and where relevant, as stated within contract law.
- Will ensure receipt, custody and retention of all tenders.

Finance Managers will:

- Maintain a register of formal contracts entered into, amounts paid and certificates of completion.
- Retain quotes and best value forms obtained for goods, works and services.

e. Financial Management

The Trust Finance Officer is responsible for:

- The day to day management of financial issues including the establishment and operation of a suitable accounting system.
- The management of the Trust financial position at a strategic and operational level within the framework for financial control determined by the board.
- The maintenance of effective systems of internal control.
- Ensuring that the annual accounts are properly presented and adequately supported by the underlying financial records of the Trust.
- Ensuring all forms and returns are sent to the ESFA in line with all published deadlines.

f. Insurances

The Trust Finance Officer is responsible for ensuring the placing of and the timely payment for adequate insurance arrangements and the seeking of best value in such provision along with identifying and costing new areas of risk cover. Also for notifying the Trust Finance, Audit & Risk Committee on any eventuality that could affect the insurance arrangements in place at the Trust.

g. Payments

The school Finance Managers are responsible for ensuring that all invoices are correct and duly certified (in terms of receipt, cost and being in line with the original requisition), by authorised staff before payments are made and that invoices, vouchers and other records are retained and stored in a secure way and are readily available for inspection by authorised persons.

h. Income

The school Finance Managers are responsible for ensuring that all income is accurately accounted for and is promptly collected and banked in line with the Financial Procedures Manual.

i. Salaries, Wages and Pensions

The school HR Managers are responsible for ensuring appropriate authorisation of the monthly payroll adjustment schedule affecting payments to employees. The school Finance Managers are responsible for checking that all payroll adjustments are correct and have been authorised. Recruitment must fit within the school's budget limits.

j. Security of Assets

The school Finance Managers are responsible for maintaining a permanent and continuous register of all capitalised items of furniture, equipment, vehicles and plant.

8. Powers and Duties delegated to the Academy Headteacher(s)

The Academy Headteacher(s) work closely with both the Executive Headteacher and the Trust Finance Officer to support the efficient operation of the financial procedures. The main responsibilities of the Academy Headteacher(s) are:

a. Contracts and Purchasing

Authorising orders between £5,000 and £10,000 in conjunction with the budget holder.

Signing cheques / authorising BACS payments in conjunction with the Headteacher or other authorised signatory, in accordance with the Operational Financial Procedures Manual.

9. Powers and Duties delegated to Other Staff

Other members of staff, primarily the finance teams and budget holders, will have some financial responsibilities and these are detailed in the financial procedures manual.

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.

a. Contracts and Purchasing

Designated Budget holders may authorise orders up to the value of £5,000.

10. Quotations and Tendering

In addition to the authorisation limits included above, the following purchasing rules should be noted:

Purchases > £3,000 A minimum of 3 written quotations to be sought and retained with the order as evidence of best value.

Purchases > £50,000 Formal procurement process to apply, including competitive tendering.

Purchases > OJEU threshold Adherence to EU procurement law until 31st December 2020. From 1st January 2021, public procurement notices will be issued via the new 'Find a Tender' service. In the UK, this will replace the OJEU requirements post Brexit.

Purchases in respect of ESFA Condition Improvement Fund (CIF) capital grants

- Adherence to ESFA/CIF purchasing regulations, including competitive tendering process.
- Selection of contractors/consultants in respect of assistance with bid preparation and project management to be in line with trust authorisation limits and quotation rules

Should a purchasing decision be made that is not the cheapest quote, this will require additional approval by the Academy Headteacher. Should such a purchase be of a value that requires Finance, Audit & Risk Committee or Trust Board approval, it should be clearly minuted as to why the cheapest quote has not been chosen.

The Trust Board notes that for some purchases there are in practice no alternative suppliers available. In addition, some purchases are made on a regular basis and the practice of obtaining at least 3 quotes for each purchase is time consuming and would not represent best value.

The Trust Board has therefore delegated responsibility to the Finance, Audit & Risk Committee to maintain an Approved Suppliers list which can be referenced for the purchase of resources or services where there are, in practice, no alternative suppliers; thereby negating the need to obtain a number of quotes. The Finance, Audit & Risk Committee will agree what items can be purchased using the Approved Suppliers list and will ensure that the list is reviewed regularly, at minimum annually, to ensure the selected suppliers remain competitive and appropriate.

Where contract approval is required at Trust level, full details of the tender process must be received, in advance, by the Trust Board (or by the Trust Finance Committee if

authority has been delegated by the Trust Board). The Trust Board will approve the selection of the specific contractor as well as authorising the expenditure.

Full details of the tendering process can be found in the Trust's Competitive Tendering Policy.

11. Summary of Delegated Authority Limits

	Quotation and Tendering Requirements
Up to £5,000	£3,001 to £5,000: 3 written quotes or price comparisons & Best Value statement
£5,000 to £50,000	3 written quotes or price comparisons & Best Value statement
£50,000 to £100,000	Detailed written specification and 3 formal quotes and Best Value statement
Over £100,000	Formal procurement 4 tenders
EU/UK public procurement thresholds	Formal Procurement 5 tenders
ESFA CIF Funded Projects	ESFA CIF guidelines

12. Levels of approval and information required

All activities or transactions with an implication for budgets should be communicated to, and agreed with, the Trust Finance Officer. Specific levels of approval are as follows:

Delegated Duty	Value	Delegated authority	Reported to
Virement between budget lines	Up to £25,000	Trust Finance Officer	Reported to next Academy Committee
	Up to £50,000	Executive Headteacher	
	Between £50,000 and £100,000	Chair of Academy Committee	Reported to next Academy Committee and Trust Finance, Audit & Risk Committee
	Over £100,000	Chair of Trust Board	
Amendment of budgets in the case of additional funding	Unlimited to match the funding available	Academy Headteacher	Reported to next Academy Committee and Trust Finance, Audit & Risk Committee
Cheque / BACS payment authorisation	all	2 signatories / BACS authorisers	
Transfer of budgets or cash funds between schools	Up to £50,000	Executive Headteacher	Reported to next Trust Finance, Audit & Risk Committee
	Over £100,000	Chair of Trust Board or Chair of Trust Finance, Audit & Risk Committee	
Disposal of assets	Up to £500 current net book value	Trust Finance Officer	
	£500 to £5,000 net book value	Academy Committee	
	Over £5,000 current net book value	Trust Finance, Audit & Risk Committee	

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Delegated Duty	Value	Delegated authority	In consultation with
Write off of bad debts	<ul style="list-style-type: none"> • 1% of total annual income or £45,000 (whichever is smaller) per single transaction • Cumulatively, 2.5% of total annual income in any financial year per category of transaction for trusts that have not submitted timely, unqualified accounts for the previous two financial years. • Cumulatively, 5% of total annual income in any one financial year per category of transaction for trusts that have submitted timely, unqualified financial returns for the previous two financial years. 	Trust Finance, Audit & Risk Committee	Trust Board
	Over the limits given above	ESFA approval	
Acquiring or disposing of a freehold of land or buildings, or disposing of heritage assets.	Any	ESFA Approval	
Taking up a finance lease. Taking up any leasehold or tenancy agreement for more than seven years. Granting any leasehold or tenancy agreement.	Any		
Novel, contentious and repercussive transactions	Any	ESFA Approval	

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Special staff severance payments - examples			
<i>Statutory/contractual payment</i>	<i>Non-statutory/non-contractual payment</i>	<i>Trust Board</i>	<i>ESFA approval</i>
£30,000	+ £30,000	Yes	No
£60,000	+ £30,000	Yes	No
£30,000	+ £50,000	Yes	Yes – for £50,000
Staff severance resulting in LGPS (GMPF) pension strain cost.		Yes	No