

Policy Title:	Finance Policy (incorporating Accounting Policy, Anti-Fraud Policy, Investment Policy, Procurement Policy and Reserves Policy) (No change)
Version:	1.5
Member of Staff Responsible:	Chief Finance & Operations Officer
Status:	Statutory
Date adopted by Trust Board:	18 th May 2026
Date for Review:	March 2027
Date Reviewed:	9 th May 2022 27 th March 2023 18 th March 2024 13 th May 2024 14 th October 2024 31 st March 2025
Reviewed:	Annually

Change Record		
Version	Date	Description
1.1	27/03/23	Changes to Quotation and Tendering in Procurement Policy
1.2	18/03/24	Accounting Policy - Changes to VAT Anti-Fraud & Corruption Policy – Changes to Irregularities, Gifts & Hospitality, Roles & Responsibilities Investment Policy – Risk Reserve's Policy – Revenue & Capital Reserves
1.3	13/05/24	Changes to Procurement Policy
1.4	14/10/24	Changes to Capitalisation amounts
1.5	18/05/26	Changes to Section 8, Anti Fraud and Corruption Policy

Primitas Learning Partnership promotes the safeguarding and welfare of all children in its care; all policies are developed and formulated with this in mind

ACCOUNTING POLICY

Basis of preparation

The financial statements will be prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the YPLA and the Companies Act 2006. A summary of the principal accounting policies, which will be applied consistently, except where noted, is set out below.

Going Concern

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

Recognition of incoming resources

These will be on a receivable basis.

- Grants Receivable will be included in the Statement of Financial Activities (SOFA) on a receivable basis. The balance of income received for specific purposes but not expended during the period will be shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition will be deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income will be accrued.
- Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.
- Sponsorship income provided to the Academies which amounts to a donation will be recognised in the SOFA in the period in which it is receivable, with the exception of School Trips (restricted fund) if this income is received in advance of entitlement of receipt its recognition will be deferred. Any sponsorship money received with no restriction on its use will be credited to the unrestricted fund in the SOFA.
- Donated services and gifts in kind - The value of donated services and gifts in kind provided to the Academy Trust will be recognised at their open market value in the
- period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount will be included as expenditure under the relevant heading in the SOFA, except where the gift in kind is a fixed asset in which case the amount will be included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust 's policies.
- Other income, including catering income will be recognised in the period it is receivable.

Recognition of Resources Expended

All expenditure will be recognized in the period in which a liability is incurred and will be classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings, they will be allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs will be allocated based on the spread of staff costs.

- Costs of generating funds - These will be costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- Charitable activities – These will be costs incurred on the Academy Trust’s educational operations.
- Governance Costs will include the costs attributable to the Academy Trust’s compliance with constitutional and statutory requirements, including audit, strategic management and Governor’s meetings and reimbursed expenses.
- Resources will be recorded net of VAT, with the exception of business costs where VAT is irrecoverable. They will be classified under headings that aggregate all costs relating to that activity.

VAT

The Trust is VAT registered, quarterly returns are submitted under the preferred making tax digital method to claim back VAT on expenditure incurred as part of its charitable activity.

Accounting for fixed assets

Building related assets costing £5,000 and furniture, fixtures, fittings and ICT equipment or vehicles costing £2,000 or more will be capitalised as tangible fixed assets and will be carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets are acquired with the aid of specific grants, either from the government or from the private sector, they will be included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants will be credited to a restricted fixed asset fund in the SOFA and carried forward in the Balance Sheet. Depreciation on such assets will be charged to the restricted fixed asset fund in the SOFA so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust’s depreciation policy.

Depreciation

Depreciation will be provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

- Freehold buildings (50 years) 2%
- Land 0%
- Improvements to Buildings (10 years) 10%
- Fixtures, fittings and equipment (5 years) 20%
- ICT equipment (3 years) 33.3%
- Motor Vehicles (5 years) 20%

Assets in the course of construction will be included at cost. Depreciation on these assets will not be charged until they are brought into use.

A review for impairment of a fixed asset will be carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities. Fixed asset disposals are to be removed from the fixed asset register and the fixed asset/ depreciation accounts adjusted as necessary.

Leased Assets

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

Stock

All stock over the value of £1,000 needs to be valued and recorded in the financial statements. The expenditure code where the stock is held will be credited and the stock account debited as at 31st August, this will be reversed at 1st September in the new accounting period.

The types of stock, the trust may hold include uniform stock, catering provisions stock, consumables for sale, such as stationery/revision guides etc.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of Pension's over the employees' working lives with the Academy Trust, in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year. The ESFA requires each trust to carry an annual external audit of the Teachers pensions scheme as at the 31st March each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations will be obtained at least triennially and will be updated at each balance sheet date. The amounts charged to operating surplus will be the current service costs and gains and losses on settlements and curtailments. They will be included as part of staff costs. Past service costs are recognised immediately in the SOFA if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs.

The expected return on assets and the interest cost will be shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses will be recognised immediately in other gains and losses.

Fund Accounting

- Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the trustees/governors.
- Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency (ESFA) or other Funders where the asset acquired or created is held for a specific purpose.
- Restricted general funds comprise all other restricted funds received and include grants from the ESFA

ANTI-FRAUD AND CORRUPTION POLICY (incorporating Anti-bribery, Gifts and Hospitality)

This policy and procedure define the expected conduct of all staff engaged at Primitas Learning Partnership, whether in paid or voluntary employment, in relation to deterring and/or detecting fraud and corruption, and who to report it to.

It includes clear guidelines on what is acceptable in terms of gifts and hospitality and how these matters are declared.

1. Introduction

- 1.1 The Trust is committed to ensuring that it acts with integrity and has high standards of personal conduct. Everyone involved with the Trust has a responsibility in respect of preventing and detecting fraud. All Members, Trustees, staff and governors have a role to play. The Trust also recognises the role of others in alerting them to areas where there is suspicion of fraud.
- 1.2 Recognising a potential fraud and being able to report it is just as important as the measures to prevent and detect.
- 1.3 It is the duty of all employees, Governors and Trustees at Primitas Learning Partnership to take reasonable steps to limit the possibility of corrupt practices, and it is the responsibility of the Accounting Officer, via Internal Audit to review the adequacy of the measures taken by the Trust to test compliance and to draw attention to any weaknesses or omissions.
- 1.4 Any investigation carried out in relation to alleged irregularities is linked to the Trust's Disciplinary procedure.

2. Definitions

2.1 Fraud

Fraud is a general term covering theft, deliberate misuse or misappropriation of assets or anything that leads to a financial advantage to the perpetrator or others upon whose behalf he or she acts, even if these "others" are in ignorance of the fraud. Fraud is in fact intentional deceit and for this reason it cannot include negligence.

Fraud incorporates theft, larceny, embezzlement, fraudulent conversion, false pretenses, forgery, corrupt practices and falsification of accounts.

2.2 Corruption

The term 'corrupt practices' is defined for the purpose of this code as the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by Primitas Learning Partnership, its staff or Governors.

2.3 Irregularities

Irregularities fall within the following broad categories, the first three of which are criminal offences –

- **Theft** - the dishonest taking of property belonging to another person with the intention of depriving the owner permanently of its possession.
- **Fraud** - the intentional distortion of financial statements or other records by persons internal and external to the Trust, which is carried out to conceal the misappropriation of assets or otherwise for gain;
- **Bribery and corruption (Gifts & Hospitality – see Point 4.)**- involves the offering or the acceptance of a reward, for performing an act, or for failing to perform an act, which leads to gain for the person offering the inducement;
- **Failure to observe**, or breaches of, Scheme of Delegation and Financial Regulations; Trust's Procedures which in some circumstances can constitute an irregularity, with potentially significant financial consequences.

Examples of what could constitute fraud and corruption are –

- theft of cash;
- non-receipt of income;
- substitution of personal cheques for cash;
- travelling and subsistence claims for non-existent journeys/events;
- travelling and subsistence claims inflated;
- manipulating documentation to increase salaries/wages received, e.g. false overtime claims;
- payment of invoices for goods received by an individual rather than the Trust;
- failure to observe, or breaches of, regulations and/or other associated legislation laid down by the Trust/school;
- unauthorised borrowing of equipment;
- unauthorised use of school equipment for personal benefit;
- breaches of confidentiality regarding information;
- failure to declare a direct pecuniary or otherwise conflicting interest;
- concealing a generous gift or reward;
- unfairly influencing the award of a contract;
- creation of false documents;
- deception;
- using position for personal reward.
- Use of personal non-business accounts for material or regular purchases where financial benefits will pass to the employee e.g. supermarket points unless it is to the financial benefit of the organization

The above list is not exhaustive and fraud and corruption can take many different paths. If in any doubt about whether a matter is an irregularity or not, clarification must be sought from the CFO/ Business professional of the school.

Similarly, if there is concern or doubt about any aspect of a matter which involves an irregularity, or an ongoing investigation into a suspected irregularity, the best approach is to seek advice from the CEO/CFO/Headteacher.

3. Gifts & Hospitality

Any gifts, rewards and benefits that are disproportionately generous or that could be seen as an inducement to affect a business decision should be declared.

- 3.1 These guidelines will help you to judge what sort of gift, and what level of hospitality is acceptable.
- 3.2 The following general rules apply and must guide decisions on receipt of gifts and hospitality as an employee of the Trust:
- To accept gifts should be the exception. You may accept small 'thank you' gifts of token value, such as a diary, a coffee mug or bunch of flowers, not over £50 in value. You should notify the Headteacher or CEO if central or Headteacher were benefitting from any gift or hospitality over this value for entry in the Register of Business Interests.
 - Always say "no" if you think the giver has an ulterior motive. Be sensitive to the possibility that the giver may think that even small gifts or simple hospitality will elicit a prompt service or preferential treatment.
 - Never accept a gift or hospitality from anyone who is, or may be in the foreseeable future, tendering for any contract with the Trust, seeking employment with the Trust or is in dispute with the Trust, even if you are not directly involved in that service area.
 - Where items purchased for the Trust include a 'free gift', such a gift should either be used for Trust business or handed to the School Business Manager to be used for charity raffles.
 - If you are in doubt about the acceptability of any gift or offer of hospitality it is your responsibility to consult the CFO/Business Manager or Headteacher.
- 3.3 A gauge of what is acceptable in terms of hospitality is whether this Trust would offer a similar level of hospitality in similar circumstances.
- Occasional working lunches with customers, providers or partners are generally acceptable as a way of doing business, provided they are not to an unreasonable level or cost.
 - Invitations to corporate hospitality events must each be judged on their merit.
 - Provided the general rules have been taken into account, it may be acceptable to join other company/organisation guests at:
 - a. sponsored cultural and sporting events, or other public performances, as a representative of the Trust;
 - b. special events or celebrations.

But, consider the number of these events, and always take into consideration what public perception is likely to be if they knew you were attending.

- Acceptability depends on the appropriateness of the invitations, in terms of the level of hospitality, the frequency and the status of the invited employee. In all such cases the Headteacher must be consulted.
- Paid holidays or concessionary travel rates are not acceptable. Neither are offers of hotel accommodation nor the use of company villas/apartments.
- If you are visiting a company to view equipment that the Trust is considering buying, you should ensure that expenses of the trip are paid by the Trust. Acceptance of refreshments

and/or a working lunch may be acceptable, but care must be taken to ensure that the Trust's purchasing and/or tender procedures are not compromised.

- Acceptance of sponsored hospitality that is built into the official programme of conferences and seminars related to your work are acceptable.
- Offers to speak at corporate dinners and social gatherings, or events organised by, for example, a professional body, where there is a genuine need to impart information or represent the Trust must be agreed in advance with the CFO/Headteacher. Where your spouse or partner is included in the invitation, and approval has been given for you to attend, it will be acceptable for your spouse or partner to attend as well, but if expenses are incurred, these will be met personally.
- Any invitation you accept should be made to you in your professional/working capacity as a representative of the Trust.

4. Roles and Responsibilities

4.1 Staff, Governors and Trustees

Primitas Learning Partnership has adopted the following measures to demonstrate its commitment to anti-fraud and corruption:

- The Audit, Finance and Risk Committee of the Trust meets regularly;
- A requirement for all staff and governors to declare prejudicial interests and not contribute to business related to that interest;
- A requirement for staff, trustees and governors to disclose personal interests;
- All staff, governors and Trustees are made aware of the understanding on the acceptance of gifts and hospitality;
- Clear recruitment policies and procedures and Staff Code of Conduct Policy.

Staff, governors and Trustees also have a duty to report another member of staff, governor or trustee whose conduct is reasonably believed to represent a failure to comply with this policy.

4.2 Internal Review

The Internal auditor has specific responsibility for overseeing the financial arrangements on behalf of the trustees and governors.

The main duties of the Internal auditors are to provide the trustees/governors with on-going independent assurance that:

- The financial responsibilities of the Trustees/Governors are being properly discharged;
- The resources are being managed in an efficient, economical and effective manner;
- Sound systems of financial control are being maintained; and
- Financial considerations are fully taken into account in reaching decisions.

4.3 CFO/School Business Manager

The CFO/School Business Manager/Finance Teams have a responsibility for ensuring that effective systems of internal controls are maintained for the Trust and the schools and will safeguard the resources of the school.

In respect of fraud, it is therefore the responsibility of the CFO/Business Manager/Finance Teams to ensure internal controls prevent and detect any frauds promptly. This includes:

- Proper procedures and financial systems;
- Effective management of financial records;
- Management of the Trust/School's financial position.

4.4 External Audit

The Trust's Annual Report and Financial Statements include an Independent Auditors' Report. This report includes a view as to whether the financial statements give a true and fair view and whether proper accounting records have been kept by the Trust throughout the financial year. In addition, it reports on compliance with the accounting requirements of the relevant Companies Act and confirms compliance with the financial reporting and annual accounting requirements issued by the Dept of Education.

5. Reporting a Suspected Fraud

- 5.1 All allegations of suspected fraud and irregularities are to be brought to the attention of the CFO/Business Manager and also referred to the CEO/Headteacher, unless this individual is involved in the irregularity in which case the Chair of Trustees/Chair of Governors should be informed.

Please refer to the Whistleblowing Policy for further guidance.

6. Response to Allegations

- 6.1 The Headteacher will have initial responsibility for co-ordinating the initial response. In doing this he/she may need to consult with the Human Resource advisors regarding potential employment issues. The Headteacher may also need to seek legal advice, by contacting the CFO in the central team, who will arrange a discussion with the Trust's solicitors on both employment and litigation issues before taking any further action.
- 6.2 The Headteacher will ascertain whether the allegations have substance. If after investigation the allegation has substance the matter must be reported to the CEO/CFO.
- 6.3 The CEO (unless the allegation relates to them, then it will be the Audit, Finance and Risk Committee of the Trust) will oversee the management of the investigation, alongside the Headteacher (unless the allegation relates to the headteacher and then the CEO will manage the investigation).
- They will, if appropriate, conduct a preliminary investigation to gather factual information and reach an initial view as to whether further action is required.
 - They will determine whether the findings, conclusions and any recommendations arising from the preliminary investigation should be reported to the CEO/Chair of Trustees.
 - If further investigations are required, they will determine which outside agencies should be involved (police, auditors).
- 6.4 The CEO/Headteacher is required to notify the Trust Board/Governing Body of any serious financial irregularities. This action will be taken at the first opportunity following the completion of the initial investigations and will involve keeping the Chair of Trustees fully informed between trust meetings of any developments relating to serious control weaknesses, fraud or major accounting breakdowns.
- 6.5 If evidence of serious fraud is forthcoming then the Trust Board should inform the Department for Education as required by the Funding Agreement and will consider whether or not to refer the matter to the police.

7. Confidentiality and Safeguards

- 7.1 Primitas Learning Partnership recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the alleged malpractice. The Trust will not tolerate harassment or victimisation and will do what it lawfully can to protect an individual when a concern is raised in good faith.
- 7.2 This does not mean that if the person raising the concern is already the subject of a disciplinary, redundancy or other procedure, that those procedures will be halted as a result of the concern being reported.
- 7.3 There is a need to ensure that the process is not misused. For further guidance refer to the Disciplinary and Grievance policies.

8. Statement

The Trust Board is committed to preventing fraud and corruption. To help achieve this objective there is a clear network of systems and procedures in place for the prevention, detection and investigation of fraud and corruption. This Anti-Fraud and Anti-Corruption policy attempts to consolidate those in one document.

This policy should be read in conjunction with the following policies:

- Whistle-Blowing Policy
- Grievance Policy
- Staff Code of Conduct Policy
- Financial Regulations
- Disciplinary Policy
- Equality Policy
- Conflicts of Interest Policy

INVESTMENT POLICY

Introduction

Academy trustees delegate responsibility for the trust's investments to the audit and risk committee. The CFO also provides information to the finance committee and academy trustees, as appropriate.

Objectives and targets

The purpose of this policy is to ensure that any surplus funds are invested well so that they achieve the best financial returns with minimal risk, thus meaning that more money can be spent on the education of our pupils.

Background

Trusts are able to make investments and these investments can be a good source of funding, but can also expose schools to risks.

A financial investment is when an investment is made to get the best financial return within the level of risk considered to be acceptable. The Charity Commission (2011) advises that trustees have several legal responsibilities when making financial investments. They must:

- Know and act within their school's powers to invest.
- Exercise care and skill when making investment decisions.
- Select investments that are right for the school. This means taking account of:
 - How suitable any investment is for the school.
 - The need to diversify investments.
- Take advice from someone experienced in investment matters unless they have good reason for not doing so.
- Follow certain legal requirements if they are going to use someone to manage investments on their behalf.
- Review investments periodically.
- Explain their investment policy in their annual report.

Trustees must be clear about what they aim to achieve through financial investment. They must consider exactly what they want to do, how they intend to do it and what the timescale will be. They must also consider the school's long and short term financial commitments as well as its expected income.

Risk

At Primitas Learning Partnership, we act with extreme care and probity with the public money we are entrusted with. We are prepared to invest any money that is not required to cover anticipated expenditure, but we always take steps to manage the risk associated with financial investments. The Trust only invest funds in low risk and easily-accessible accounts. Funds will be placed in bank accounts with a withdrawal notice of no more than 26 weeks. Risk is managed through diversification of investments, ensuring that the security of funds takes precedence over revenue maximisation. Funds will only be placed with banking institutions that are regulated by the Financial Conduct Authority and with good credit ratings. A certain degree of risk is associated with all investments, so trustees must do all they can to manage risk levels. Before any investment decisions are made, trustees must consider the level of risk they are able to accept. They must be satisfied that the overall level of risk they are taking is appropriate for the school.

Action plan

Adequate cash balances must be maintained to ensure that there are always sufficient funds in the school's current accounts to cover financial commitments such as payroll and day-to-day expenses. If there is a surplus of funds after all financial commitments have been considered, this surplus should be invested.

It would be prudent for funds to be invested in tranches of up to £85,000 with a different Financial Institution after agreement from the Audit, Finance and Risk committee. This is so the trusts' investment (as a charity) can be protected by the Financial Services Compensation Scheme (FSCS) in the event of the financial institution getting into financial difficulty. However, trustees should consider that higher interest can be achieved if more money is invested with a financial institution. Also, if large investments are required, it is not practical to split the funds into tranches of £85,000, in this instance, it would be more appropriate to split the funds with 2 or 3 separate financial institutions.

Funds, and any interest they earn, should be automatically reinvested, unless they are required for immediate or anticipated expenditure.

Currently the Trust operates one main current bank account with a sweep facility and 3 fixed rate accounts within Lloyds bank.

A calculation on the amount of available reserves which can be invested should be carried out, ensuring each bank account maintains an adequate balance to cover known expenditure commitments. This calculation will take into account the balances held in the current accounts and a cash flow forecast for known spend for all the schools in the Trust.

Investing at Minimum Risk

To invest at minimum risk it would be advisable to invest with higher interest deposit accounts at financial institutions and not in stocks and shares.

The Audit, Finance and Risk Committee will always need to agree the potential investments that are being planned and be satisfied that there is a suitably low level of risk.

Monitoring and evaluation

The CFO will compare alternative investment opportunities to ensure that the school's funds achieve the best interest rates.

The CEO, CFO and Audit, Finance and Risk Committee are responsible for ensuring that this policy is followed.

Review

The CEO/CFO and Headteachers will carry out a review of this policy on a regular basis to ensure that any new or changed legislation is adhered to.

PROCUREMENT POLICY

Quotation and Tendering

The Financial Scheme of Delegation indicates the parameters and amounts for which quotes or tenders should be sought depending on the organisation size. See Appendix A in the Financial Procedures Manual.

The values are for single items or groups of items, which must not be disaggregated artificially.

More information on the Find a Tender site (Gov.uk) will follow in due course.

Exceptions to the requirement of Quotes/Tenders

- Examination Fees: these are stipulated by the examination boards and regulated by OFQUAL.
- Services from Local Authorities: where schools have opted into joint agreements with other schools/organisations.
- Utilities are set amounts
- There may be other reasons as to why obtaining the required number of quotations/tenders is not achievable by the school/trust, e.g. specialist products/services, time constraints, etc. Where this is the case agreement should be given by the appropriate person (in line with the approval limits, see financial authorisation levels).

Procedures

Quotations

Although the minimum requirements of quotations/tenders are shown in the Financial Procedures Manual, it is good practice to always try and achieve Value for Money. In some instances, it may be beneficial, to obtain more than the minimum requirement of quotes for the specified value.

Framework Agreements

A Government framework agreement is a type of 'umbrella' agreement negotiated with suppliers by Crown Commercial Service (CCS), on behalf of the public sector. Because so many organisations buy through these agreements the suppliers can offer competitive prices. Each framework agreement comes with standard terms and conditions. Where there is only one supplier on the agreement, or if there is an option for direct award within the guidance notes for the agreement, you can place an order directly with the supplier. Further competition against an existing agreement can be made through the CCS e-sourcing tool. (see government site on procurement)

Wherever possible the Trust should use framework agreements and/or compare quotes with these agreements. Using Framework agreements replaces the need for schools in the trust to manage formal tendering for services included in the framework. The companies in the framework agreement have already tendered for their specific area of supply and competitive prices have been obtained. Examples of other framework agreements are: Crescent Purchasing Consortium (CPC), Eastern Shires Purchasing Organisation (ESPO) Yorkshire Purchasing Organisation (YPO).

Tenders

All purchases with a value greater than £118,000 should be put out to tender unless there are special circumstances to not use the tendering process, this would have to be agreed by the Trust Board. This includes the cumulative value of a contract over a 3/5 year period.

The following procedures must be followed for tenders:

1. A specification will be prepared, authorised by the chair of the relevant committee and Headteacher and sent to at least three suppliers. It is anticipated that for any major building works of a value greater than £118,000 the services of an architect may be engaged to deal with the handling of specifications and suitability to tender.
2. Where appropriate, the suppliers invited to tender should be drawn from an approved list **or** from those agreed with the architect. Otherwise, invitations to submit tenders will be advertised in local newspapers and trade journals if appropriate. The invitations to tender will include:
 - an introduction/background to the project;
 - the scope and objectives of the project;
 - any technical requirements;
 - implementation details for the project;
 - the terms and conditions of the tender; and
 - the form and date of response to the academy, or in the case of building works, to the architect or quantity surveyor.
3. All replies, if to the school, should be addressed to the Business Manager in a plain sealed envelope marked 'Tender' to reach him/her by a specified date. For tenders between £50,000 and £118,000 email tenders will also be accepted (unopened), followed up with a written tender.
4. For Tenders under £118,000, these will be opened at the same time in the presence of the Business Manager/Headteacher for school tenders, CEO/CFO for Trust tenders.
5. For formal tenders over £118,000 all replies must be kept sealed until that date and opened by the chair of the relevant committee in the presence of the Headteacher or CEO. The Trust Board may agree to accept emailed tenders if they do then a new email address should be created with the title tender@school email address and unopened until the elected date and time for opening of tenders.
6. All tenders will be opened at the same time and details of the contractor, quotation and any other details recorded at the time of opening,
7. No contractor/supplier will be allowed to amend the tender after the time fixed for receipt.
8. The Business Manager or equivalent role will open a separate correspondence file for each tender which will contain copies of all correspondence or other relevant information.
9. For purchases up to £118,000, provided the expenditure is included in the budget, the decision as to which quotation/tender to accept will be taken by the Headteacher, in consultation with the Business Manager/CFO/CEO.
10. For purchases between £50,000 and £118,000, provided the expenditure has been budgeted for, a decision to accept which tender will be taken by the CEO, in consultation with the Headteacher. The Local Governing Body/Trust board will ratify the decision or purchases over £118,000, provided the expenditure has been budgeted for, a decision to accept which tender will be taken by the Trust Board. For purchases from school budgets this will be in consultation with the Headteacher/Local Governing Body. For purchases from the Trust Central budget this will be in consultation with the CEO.

12. Where expenditure is not included in the budget or anticipated expenditure exceeds the budget allocation, the decision as to which tender to accept will be taken by the Local Governing Body or Trust Board
13. The reasons for accepting a particular tender must be documented, especially if it is decided to accept other than the lowest tender. All decisions must be reported to the Local Governing Body/Trust Board.

The following points will be considered when deciding which tender to accept:

- The overall price and the individual items or services which make up that price.
- Whether there are any 'hidden' costs; that is additional costs which the school will have to incur to obtain a satisfactory product.
- Whether there is scope for negotiation, while being fair to all tenderers.
- The qualifications and experience of the supplier, including membership of professional associations.
- Compliance with the technical requirements laid down by the school.
- Whether it is possible to obtain certificates of quantity.
- The supplier's own quality control procedure; pre sales demonstrations, after sales service and, for building works, a six month defects period and insurance guarantees.
- The financial status of the supplier.
- References from other establishments.
- Understanding & compliance with Health & safety, CDM regulations and
- Child Protection issues related to working on a school site

In the case of building works, where the tendering process is being carried out by the architect or quantity surveyor, they will be responsible for checking the documents of the lowest tender before making a recommendation to the school/trust.

Once a tender is accepted an order should be issued immediately to the supplier in the normal way.

The successful contractor should be informed that the school is a Non Smoking site. The Schools' Funding Agreement should be considered when applying this policy.

RESERVES POLICY

1. Introduction

Primitas Learning Partnership has established a reserves policy to protect its activities by providing a financial comfort zone against an unpredictable environment and to make sufficient provision for future cash flow requirements and capital procurement. The policy also provides the framework for future strategic planning and decision-making. The development of an effective reserves policy will restrict the impact of any risk upon the continuing operations of the Trust.

The Reserves Policy and the establishment of minimum reserves amounts, is based upon an annual risk assessment of the internal and external operating environment, as well as having a due regard for the nature of activities undertaken by the Trust for its beneficiaries. The Trust has a responsibility to meet both the needs of the current pupils as well as that of future pupils in setting its level of expenditure and ultimately its reserves.

In line with the Academies Financial Handbook the Trust has the freedom to keep money aside for when it is needed most and to build up reserves, for example for long term capital projects. The Department for Education (DfE) expects the Trust to use their allocated funding for the full benefit of their current pupils and that it is important that if the Trust has a substantial surplus we have a clear plan for how it will be used to benefit our pupils.

Maintaining an appropriate level of financial reserves is considered essential in protecting the Trust from financial risk generated by, for example;

- income reduction due to Government funding changes
- unexpected falls in student numbers
- cash flow issues due to delays in receipt of funding
- emergencies
- building up a reserve to pay for large capital projects

2. Types of Reserves

Unrestricted Reserves

Unrestricted Reserves (including Designated Reserves) are derived from income funds, grants or donations that can be spent at the discretion of the Trustees and Governors in furtherance of any of the Trust's objectives.

If part of an unrestricted income fund is earmarked for a particular project it may be designated as a separate fund, but the designation has an administrative purpose only, and does not legally restrict the trustees' and governors' discretion to spend the fund. Unrestricted Reserves will be achieved through operational efficiencies and any trading activities undertaken by the Trust.

Unrestricted Reserves are generally defined as funds held after excluding:

- Endowment funds (permanent & expendable)
- Restricted funds
- Funds that can only be generated on the sale of fixed assets used for charitable purposes.

Restricted Reserves

Restricted Reserves (including Designated Reserves) may be restricted income funds, grants or donations that are spent at the discretion of the Trustees and Governors in furtherance of some particular aspect(s) of the objects of Primitas Learning Partnership; or where the nature of expenditure has been defined by the donor; or they may be endowment funds, where the funds or assets are required to be invested or retained for actual use, rather than spent.

Restricted Reserves are only available for expenditure once Primitas Learning Partnership has met its commitments and other planned expenditure and is in accordance with the limitations outlined in the original funding.

Restricted Fixed Asset Reserves.

This reserve is specifically held for capital purposes in furtherance of some particular aspect of the objectives of the Trust.

Pension Reserves

The presence of a pension surplus or deficit does not constitute an immediate liability or realisable asset. The presence of a pension surplus or deficit will generally result in a cash flow effect for the Trust in the form of an increase or decrease in employers' pension contributions over a period of years. The Trust manages its budget to ensure that it can meet the required pension contributions from projected future income without significantly impacting upon its planned level of activities.

The Trust continues to calculate its reserves without setting aside a Designated Reserve to cover the pension liability.

2. Why does the Trust hold free reserves?

Academies are expected to hold contingency reserves from their annual GAG Funding or other income, which may be both capital and revenue reserves.

The Trustees require a **revenue reserve** to be created to cover:

- the future development needs of the trust, and long term strategic plans
- to provide a contingency to meet unforeseen risks and contingencies
- to provide working capital for the Trust to meet its liabilities as they arise
- to provide a reserve to assist school budgets to meet the possible shortfall of in year revenue funding due to reductions in national education funding, a fall in pupil numbers, a drop in income or increases in expenditure not covered by national funding

The reserve would provide time to adjust expenditure to balance budgets.

In addition the trustees may require a **capital reserve** to fund future capital expenditure. Devolved Formula Capital funding is minimal and the Schools Condition Allocation (SCA) is not always sufficient to meet large capital projects. A reserve is therefore required to meet both unforeseen capital expenditure as well as future development plans.

The Trustees are required to consider what level of reserves to hold in order to demonstrate prudent financial management, stewardship and sustainability. The Trusts policy for reserves is also an integral part of the Trustees consideration of the Trust's going concern

presumption. The level of reserves held by the Trust demonstrate that the Trust is a going concern and is able to meet its liabilities and has a level of reserves available to meet reasonable contingencies, risks and the future development of the Trust.

3. Revenue and Capital Reserve and Management of Reserves

The Trustees consider that the appropriate level of revenue reserves for the Trust to work towards is a minimum of 5% and a maximum of 12% of total income at the year-end (unless for an exceptional capital investment agreed with Trustees but must not exceed 20%). These levels will be in respect of the combined restricted and unrestricted revenue reserves of all schools in the Trust. The ESFA will investigate reserves under 5% or over 20% of revenue income.

It is noted that the above reserves are included as part of each schools' balance carried forward into the following year's budget and will be monitored and controlled at a total level for the Trust.

Reserves held in excess of the above amounts will be reviewed by the Trust on a regular basis throughout the year and an appropriate range of options will be considered which might include releasing the funds into the revenue budget in furtherance of the Trust's objectives, assigning funds to appropriate designated reserves as may be determined by the Trust or investing the funds to generate further income to allow expansion of the Trust's work. Understanding the movement in the reserves is key to ensuring corrective action can be taken in a timely manner if required and to ensure the policy remains relevant over time.

If any school within the trust needs to borrow reserves in excess of the reserves they hold (usually for a large capital project). This needs to be agreed by the Trust board. The school will be required to agree to a repayment period and be charged for any lost interest.

4. Policy Review

This policy will be actively reviewed during the year and, if necessary, changes applied to reflect the nature of the Trust's operations, beneficiaries, and operating environment.

5. Reserves – Disclosure

The Trust's annual accounts report should state the level of reserves on the last day of the financial year and the future needs, opportunities, contingencies and risks relevant to the level of reserves.

The Charities SORP requires trustees to include in their annual report:

- a statement of their policy on reserves
- the level of reserves held and an explanation of why they are held
- where material funds have been designated, the amount and the purpose of the designation should be explained
- where designated funds are set aside for future expenditure, the likely timing of that expenditure.

The Trust Board reserves the right to vary the Policy at any point in time.