



# LIGHTHOUSE SCHOOLS PARTNERSHIP

## FINANCE POLICY Statutory

**Policy Approved by the Board of Trustees**

**Signed :**

**Date : 21<sup>st</sup> December 2021**

A handwritten signature in black ink that reads "A Haysom".

**Name : Adele Haysom**

**Chair of Board of Trustees**

**Authorised for Issue**

**Signed :**

**Date : 21<sup>st</sup> December 2021**

A handwritten signature in blue ink that reads "Gary Lewis".

**Name : Gary Lewis**

**Chief Executive**

## Document History

Version	Author/Owner	Drafted	Comments
1.0	Clare Sanders	June 2016	Based on Gordano School model - original source not recorded
2.0	Clare Sanders	December 2016	Amendment to section 8.5
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This Policy applies to all schools and employees within the Lighthouse Schools Partnership.

# FINANCE POLICY

## Statutory

**FINANCE POLICY** - including financial control measures and levels of authority (reflecting information contained in the Academy Trust Handbook 2021)

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## 1. RATIONALE

- a. The purpose of this policy is to ensure that public accountability and high standards of financial integrity are exercised over the control of public funds. It sets out the responsibilities and levels of authority for the Lighthouse Schools Partnership (LSP) Members, Trust Board and Local Governing Bodies together with the officers and members of staff in the Trust and the Individual schools responsible for the setting and control of the delegated Schools Budget.
- b. Relationship to Other Policies - This policy should be read in conjunction with the Academy Trust Handbook, the Funding agreement, the LSP Scheme of Delegation, the Terms of Reference, the Trust's Strategic Plan and each School's Raising Attainment and Progress Plan.

## 2. AIMS

- a. The aim of the Financial Policy is to ensure that Members, Trustees, Governors, Headteachers and staff are aware that it is in their own interest to ensure that the school's financial controls are aligned with statutory and regulatory guidance for Academies, including that issued by the Education and Skills Funding Agency (ESFA) through the Academy Trust Handbook (ATH), Charity

Law and the Funding Agreement, ensuring that they are complied with and can demonstrate public accountability.

### 3. GUIDING PRINCIPLES

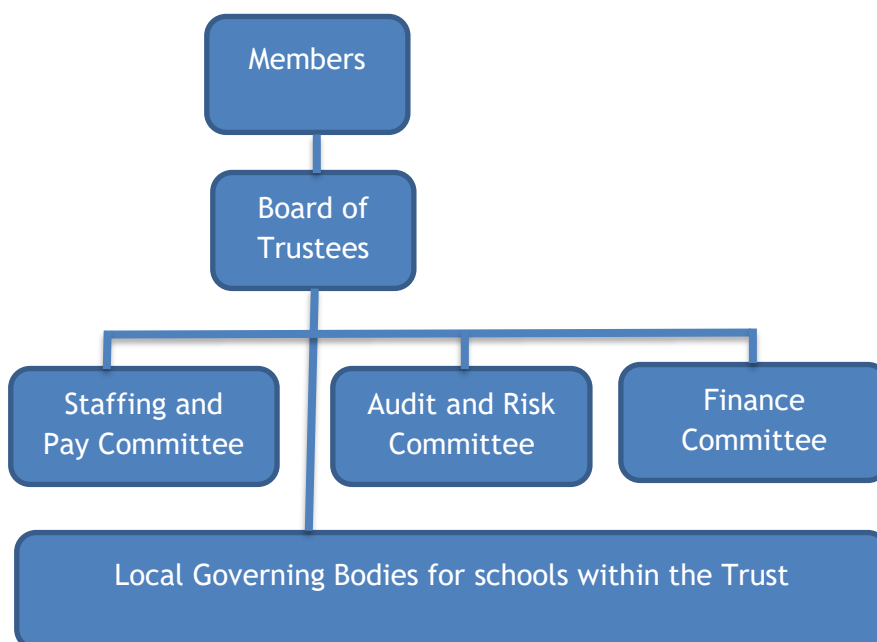
- a. The current version of the Academy Trust Handbook will represent the context within which the Lighthouse Schools Partnership and its schools operate financially.

### 4. MONITORING AND EVALUATION

- a. Monitoring and evaluation of this policy will be undertaken via the LSP Trust Board and will be subject to scrutiny by the appointed internal and external auditors, as well as the Trust Finance and Audit & Risk Committee.

### 5. ORGANISATION

- a. Structure:



- b. Members of the Trust

Members have ultimate responsibility for the Trust achieving its charitable objectives, holding the Trustees to account. The Members are not responsible for the day to day governance of the schools and the Trust.

The ultimate purpose of the Trust, and therefore of a Member, is to ensure the best possible educational outcomes for all students and pupils within the Trust’s schools.

Members are responsible for appointing the Trust’s external auditors and receiving the Trust’s audited annual accounts (subject to the Companies Act)

- c. The Board of Trustees of the Multi Academy Trust

Trustees (Directors) are responsible for ensuring the Trust’s funds are used in accordance with the law, the Trustees’ powers under the Funding Arrangements and the ATH. The Board of

Trustees (The Board) must appoint the Accounting Officer. At the Lighthouse Schools Partnership, the Chief Executive is the officer of the Trust who acts as the Accounting Officer for the Trust.

The Board should also be aware of the statutory duties of company directors, as set out in the Companies Act.

A register of the business and pecuniary interests of each Member, Trustee, Governor and all senior members of staff is held by the Trust finance office and is available for inspection. It is the responsibility of each Member, Trustees, Governor and senior member of staff to declare any business interests they have which require inclusion in the register. Any Member, Trustee, Governor or senior member of staff who has an interest in a business tendering for a contract, will not form part of the decision-making process for that contract. No Member, Trustee, Governor or senior member of staff involved in awarding, managing and supervising a contract will accept gifts or hospitality from current or potential suppliers.

The Board's financial role is to:

- Ensure effective financial performance, including proper planning, monitoring and probity.
- Ensure regularity and propriety in use of the Trust's funds, and achieve economy, efficiency and effectiveness.
- Take ownership of the trust's financial sustainability and its ability to operate as a going concern.
- Develop an ethos of financial awareness and responsibility.
- Approve the budget for the coming year, agreeing the Budget Forecast and budget forecast outturn reports before submission to the ESFA.
- Consider, accept/reject the individual school budgets, prior to the start of each financial year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the strategic plan.
- Contribute to the formulation of the board's strategic plan, through the consideration of financial priorities and proposals, in consultation with the Chief Executive, with the stated and agreed aims and objectives of the Trust.
- Monitor the Trust's performance against budget on a regular basis reviewing significant variances and taking action to maintain financial viability.
- Maintain the stability of the Trust's financial position by monitoring cash flow including review of banking and investment arrangements.
- Ensure compliance with the overall financial plan for the board, and within the financial regulations of the ESFA, Charity Law and Funding Agreement.
- Monitor and review effectiveness of financial procedures and controls.
- Monitor the application of the finance policy, approving items of expenditure or contracts outside the limits of Local Governing Bodies as set out in the Finance Policy.
- Approve and publish Principal Accounting Policies Including Investment, Reserves and depreciation Policies.
- Ensure decisions about executive pay follow a robust evidence-based process reflecting the individual's role and responsibilities, and that the approach to pay is transparent, proportionate and justifiable.
- Ensure appropriate insurance cover arrangements are in place.
- Develop the Trust's strategies for procurement and value for money.
- Develop the Trust's strategy for the management of assets.
- Set and oversee the Trust's annual central budget for services funded by the Core Services Charge.

The board of Trustees and its committees must meet regularly enough to discharge their responsibilities and ensure robust governance and effective financial management arrangements. Board meetings will take place at least six times a year (and business conducted

only when quorate) with the Audit and Risk Committee and the Finance Committee both meeting at least three times a year.

d. Local Governing Body (LGB)

Each school's local governing body has responsibility to:

- Consider the school's indicative funding, notified annually by the Education and Skills Funding Agency (ESFA) and to assess its implications for the school, in consultation with the Headteacher and Business Manager, as appropriate,
- In advance of the financial year, draw any matters of significance or concern to the attention of the Board of Trustees.
- Recommend to the Board of Trustees an annual budget, prior to the start of each financial year, along with projections for the following two financial years, in line with the timeline set out annually, ensuring the compatibility of all such proposals with the development priorities set out in the school's raising attainment and progress plan and the Trust's Strategic plan, as appropriate.
- Monitor the school's income and expenditure throughout the year, with reference to the agreed budget including reviewing significant variances.
- Hold the Headteacher to account for how financial resources are expended at the school including approving items of expenditure or contracts outside the limits of the Headteacher and within the limits of the Local Governing Bodies as set out in the Finance Policy.

e. Chief Executive

The Chief Executive is appointed as the Accounting Officer and is responsible to the Board for the financial management of the Trust.

f. Headteacher

The Headteacher is responsible for the:

- Management of his/her school's financial position at a strategic and operational level.
- Management of effective systems of internal control by complying with procedures set out in the Academy Trust Handbook and the Trust's Finance Policies.

A Headteacher may oversee two or more schools. In this case there may be a locally appointed Head of School who takes the day to day lead within the school but reports to an Executive Headteacher or other substantive Headteacher.

g. Trust Chief Financial and Operating Officer

The Chief Financial and Operating Officer (CFOO) is appointed as the Chief Financial Officer (CFO) and is responsible for:

- Providing information, advice and training on all financial related issues to stakeholders as appropriate.
- Liaising with Members, Trustees, Governors, staff, ESFA, auditors, other bodies and organisations as and, when necessary, in all areas concerning financial management.
- Providing financial management information to the Board of Trustees so they can deliver their financial responsibilities.
- Providing financial management information to the Headteachers/Business Managers in order to assist them to monitor their school's performance and improve the decision-making process.
- Co-ordinating the planning and budgeting process, agreeing budgets with each schools Headteacher/Business Manager before they are submitted to the Board of Trustees.

- Ensuring compliance with ATH, ESFA, Charity Law regulations and statutory requirements.
- Reviewing, updating and developing the Trust's finance policies, as necessary including to comply with changes to the ATH.
- Ensuring that all financial transactions are in accordance with published procedures and statutory regulations.
- Ensuring internal controls are effective including delegated financial authorities are complied with, maintaining appropriate segregation of duties, reducing the risk of fraud and theft, independent checking of financial controls, systems, transactions and risks.
- Ensuring that all financial staff have the necessary qualifications and training to undertake their respective tasks.
- Ensuring that the Trust's payroll is delivered within statutory regulations.
- Ensuring that the pension arrangements are implemented in line with Pension Organisation regulations (both Teaching and Support Staff Pension Organisations).
- Preparation and management of the Trust's annual central budget for services funded by the Core Services Charge.
- Line Management of the Trust's Finance Managers.
- Preparation of consolidated accounts for presentation to the Trust Board and ESFA.
- Ensuring all financial reporting is completed according to the agreed reporting schedule.
- Co-ordinating the deployment of finance staff across the Trust.
- Monitoring the Trust's financial position through the year.
- Ensuring compliance with the ATH.
- Producing management accounts in accordance with the agreed schedule.
- Applying discipline in financial management, including managing debtors, creditors, cash flow and monthly bank reconciliations.
- Planning and oversight of any capital projects and the management and oversight of assets

#### h. Trust Finance Managers

The Finance managers are responsible for:

- Overseeing the Trust's payroll, pensions administration and VAT returns.
- Managing the Trust's bank account including timely payment of invoices through appropriate methods e.g. BACs, cheques.
- Managing the Trust's cash flow robustly, avoiding becoming overdrawn.
- Managing the Trust Finance Office.
- Being point of contact with the Trust's appointed external and internal auditor.
- Providing central support and training on financial matters to staff across the Trust.
- Providing the Chief Executive Officer, Chief Financial and Operating Officer and Headteachers with regular financial updates and alerting them to any concerns.
- Overseeing compliance to the Trust Finance Policy.
- Assisting with the operation and maintenance of budget, finance and payroll computer accounting systems.
- Investigating, recommending and implementing changes to systems and procedures, to improve financial performance and satisfy value for money criteria.
- Assisting with the operation and maintenance of the Trust's payroll including pension administration.
- Overseeing purchasing and ensuring that it is compliant with the ATH and Finance Policy.
- Supporting schools and monitoring compliance against Trust finance policy and associated procedures.

- Supporting schools and checking accuracy of projected outturn position.
- Supporting schools and checking accuracy of budget projections.
- Supporting schools and checking accuracy of entries to close the school accounts.
- Providing a first point of contact for financial queries.
- Attending interviews for School Business Managers if requested.
- Providing two training visits in the first year to new Headteachers or School Business Managers.
- Supporting the delivery of training across the Trust.
- Supporting and challenging schools to set a balanced and sustainable budget.

i. Hub Business Leader

The Hub Business Leader, working on behalf of the Chief Financial and Operating Officer, is responsible for:

- Providing a support network across the hub for operational activities
- Supporting hub schools through monthly hub meetings.

j. School based Business Manager or equivalent

The school-based Business Manager is responsible for:

- Monitoring the school's financial position through the year.
- Providing the Headteacher, Governors and Chief Financial and Operating Officer with regular financial updates and alerting them to any concerns.
- Setting the school's budget in conjunction with the Headteacher and Chief Financial and Operating Officer.
- Managing the local finance staff.
- Overseeing compliance to the Trust Finance Policies at their school.
- Assisting with the operation and maintenance of budget, finance and payroll computer accounting systems, completing monthly financial activities to ensure that the financial position of the school is accurately represented.
- Ensuring compliance with the Academy Trust Handbook (ATH).
- Investigating, recommending and implementing changes to systems and procedures, to improve financial performance and satisfy value for money criteria.
- Assisting with the operation and maintenance of the school's payroll including pension administration.
- Producing management accounts in accordance with the agreed schedule.
- Overseeing purchasing and ensuring that it is compliant with the ATH and Finance Policy.
- Being point of contact within the school for the Trust's appointed external and internal auditor, participating in data collection and testing as part of any audit process.
- Produce the necessary year end entries to accurately report the school's financial position at the year end.
- Act on any concerns raised by hub, auditors or CFOO

k. Finance Officers/Administrators

The Finance Officers/Administrators are responsible for:

- Processing all official order requests.
- Processing all invoices.
- Processing requests for payments.
- Providing advice and support to budget holders on best value for money and producing financial management information.
- Processing all receipt of monies and for paying in at the bank on a regular basis.



- Investigating, recommending and implementing changes to systems and procedures, to improve financial performance and satisfy value for money criteria
- Maintaining the school inventory
- Complying with the Trust Finance Policies

## 6. FINANCIAL PLANNING AND MONITORING

### a. School Finance Meetings

Each Headteacher will meet with the Chief Financial and Operating Officer, or their representative, at least three times per year to review the school's financial position and financial management. This may be delegated by the Headteacher to the Business Manager where one is in place.

The Trust Board will review the Trust's management accounts at least six times per year. This information will be shared with the Chair of Trustees, via the Finance Committee, on a monthly basis.

### b. Budget

Each school's Headteacher is responsible for the preparation of the annual budget, along with projections for the following two financial years, in conjunction with the Chief Financial and Operating Officer. The Chief Financial and Operating Officer will issue a detailed budget planning document and approval route each year but in principle this is as follows:

- Headteacher/Business Manager and Chief Financial and Operating Officer agree draft budget in Term 5 annually, including projections for the following two financial years.
- Each school's Local Governing Body will scrutinise and challenge this draft and submit it to the Board of Trustees.
- The Board of Trustees will review and ratify the budgets presented to the Board of Trustees.

The Chief Financial and Operating Officer will agree a draft budget for Trust core services with the Chief Executive and Executive Team by end of April annually.

An amended draft of each school budget and the Trust core services budget will be reviewed and approved by the Board in late June/early July annually.

Budgets will be submitted to the ESFA by the required deadline by the Chief Financial and Operating Officer.

Schools should not plan a deficit budget for the coming financial year. Where a deficit budget is unavoidable the schools should work in partnership with the Chief Financial and Operating Officer to establish a deficit recovery plan to be agreed by the Board of Trustees.

### c. Monitoring at School Level

The process of monitoring actual expenditure against budget is continuous. Day to day responsibility for monitoring and control lies with budget holders. The local finance staff will

issue a termly report to each budget holder and the Local Governing Body detailing committed and actual expenditure compared to the submitted budget agreed by the LGB.

Schools will produce a detailed year end projected outturn report three times a year and report to their LGB and the Chief Financial and Operating Officer in line with the annual timeline issued.

d. Audit

The Trust must produce fully audited company accounts as at the 31 August each year. The Board must appoint a Statutory Auditor, which is registered under the requirements of the Companies Act, to conduct an audit in line with Company Accounts requirements, SORP for charities and certify the accounts are “true and fair”.

Final accounts must be published in accordance with current regulations and ESFA guidelines.

Interim audit reviews of financial and procedural matters are carried out by an Internal Auditor, according to the schedule agreed each year by the Trust’s Audit and Risk Committee. The findings from the audit reviews must be made available to all Trustees promptly. The Board of Trustees must ensure there is an appropriate, reasonable and timely response by the Trust to any findings by auditors, taking opportunities to strengthen the Trust’s systems of financial management and control.

e. Reporting

Business Managers are required to report the projected outturn position, compared to the submitted budget, to their LGB and then to the Chief Financial and Operating Officer three times a year, in line with the annual timetable issued.

## 7. FINANCIAL ADMINISTRATION

a. Accounting Systems

Schools within the Lighthouse Schools Partnership use PS Financials (PSF).

Access to PSF is restricted to the Chief Financial and Operating Officer and other authorised staff. Reduced (restricted) access may be granted to budget holders in order to process online orders.

b. Accounting Records

Only authorised staff are permitted access to the accounting records which should be securely retained when not in use.

Alterations to any original documents such as cheques, invoices, orders and other vouchers must be made clearly in ink and initialled by an authorised person.

All accounting records including invoices, order forms, bank statements, etc. are retained in line with the LSP retention guidelines, in a secure area.

c. Accruals and Prepayment Schedules

Accruals and prepayment schedules are used to ensure that income and expenditure is recorded in the month or financial year to which it relates (when the goods or services were received/ provided). Accruals and prepayment schedules are completed on a monthly basis for individual items of income or expenditure with an annual value greater than £12,000. Accruals and prepayments schedules are completed at the year end for any value over £100.

Types of schedules include:

- Accrued Expenditure - e.g. For goods or services received by 31<sup>st</sup> August but not paid by this date such as gas bills, telecommunications etc,
- Accrued Income - e.g. For goods or services provided by 31<sup>st</sup> August but income not received by this date such as settlement of invoice, expected supplier refunds/credit notes,
- Pre-paid Expenditure - e.g. Payments made by 31<sup>st</sup> August for goods for services to be received after 1<sup>st</sup> September such as annual contracts,
- Deferred Income - e.g. Income received by 31<sup>st</sup> August for goods or services to be provided after 1<sup>st</sup> September such as lettings income received in advance.

Without year end schedules, the following risks may occur:

- Balance at year end could be over or understated.
- Use of historical spend to set budgets could be flawed.
- Financial decisions based on inaccurate assessment of the school's/Trust's financial position.

The use of monthly schedules:

- Enables more accurate assessment of a school/the Trust financial position during the financial year.

School Finance Team will:

- Provide the Central Finance Team with information on school generated transactions with an annual value greater than £12,000 and of any changes required.
- Prepare school specific year end schedules by gathering information and collating evidence from financial management system and budget holders.
- Review year end schedules and evidence, raising queries where necessary, and ensuring they are authorised by the Headteacher when complete.
- Submit authorised final year end schedules to the Chief Financial and Operating Officer together with evidence.
- Monitor actual spend against schedules raised by recording dates processed and actual values.

Trust Finance Managers will:

- Prepare monthly and year end schedules for areas affecting all schools and for the central services budget by gathering information and collating evidence from financial management system and budget holders.
- Action monthly schedules for school generated transactions with an annual value greater than £12,000 as instructed by schools.
- Assess total value and number of transactions on year end schedules are reasonable compared to historical trends.
- Review evidence provided for individual transactions and ensure reasonable and in line with expectations.
- Review items marked as repeated from previous year and check whether they should stay or carry forward.
- Review specific transactions and codings, spot checking evidence and that they are accurate.

d. Virements/updates to submitted budget

Virement is the process used for transferring an agreed financial value from one budget to another within a school (or schools in a federation, or the Central Services Budget). A virement should be considered to update a submitted budget to reflect a change in the financial plan.

Virements result in the creation of a new submitted budget. They should always be planned and are subject to authorisation (See Authority Level section for levels of authority). Virements

should not be completed to cover an unplanned over or underspending. The following rules also apply:

- Any commitment arising as a consequence must be identified and contained within the resources available to the school in the current/subsequent years.
- Any increased expenditure planned on any budget heading will not lead to an overall budgetary deficit.

Autonomy: The autonomy to raise and process virements is based upon the individual school maintaining a surplus and on the Board of Trustees confidence in the individual school's financial competence.

VIREMENTS	Small Primary NOR 0 - 199	Primary NOR 200+	Secondary	Trust Budget
VIREMENTS - Planned movement of budget allocation	The following limits apply for virements undertaken from one budget to another budget, the limit applies provided it is evident that this will not result in an overspend in the area from which it is vired or impact on the overall budget.			
UP to £5,000	Business Manager or Headteacher (but reported to the LGB so that a new submitted budget can be agreed)			
Up to £10,000	Local Governing Body	Business Manager or Headteacher (but reported to the LGB so that a new submitted budget can be agreed)		CFOO (but reported to Finance Committee so that a new submitted budget can be agreed)
Up to £20,000		Local Governing Body	Business Manager or Headteacher (but reported to the LGB so that a new submitted budget can be agreed)	Finance Committee
Up to £50,000	CFOO and Chief Executive		Local Governing Body	Board of Trustees
Up to £100,000	Board of Trustees		CFOO and Chief Executive	
Over £100,000	Board of Trustees.			
VIREMENTS	Small Primary NOR 0 - 199	Primary NOR 200+	Secondary	Trust Budget
VIREMENTS - New or additional income	Any new or additional income received (with the exception of donations made in excess of £10k*) should be vired to the appropriate expenditure code and must be authorised.			
No limit	Business Manager or Headteacher (but reported to the LGB so that a new submitted budget can be agreed)			CFOO (but reported to Finance Committee so that a new submitted budget can be agreed)

Donations received in excess of £10k without a clear statement from the donor as to how the funds are to be allocated.	Local Governing Body	Board of Trustees
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e. Journals

The purpose of journals is to move expenditure or income between:

- Funds (where the money has come from)
- Cost centres (where internally the money has been spent)
- Nominals/ledger codes (what it has been spent on)

Journals are subject to authorisation (See table below)

The reasons for journals are:

- To correct miscodings e.g. wrong code used.
- Apportionments e.g. a proportion of a salary to a separate code
- Internal trading activities e.g. reprographic charges to budget holders.

The Trust’s procedures for journals are as follows:

- Delegation limits for journals agreed by Trust Board through the Finance Policy
- Batches of completed journal print outs must be signed and dated by postholder with appropriate level of authority and retained on a regular basis. This can be done through a summary report on a monthly basis.
- Changing posted journals is not permitted outside of the Central Team, any amendments required means the original journal must be reversed and re-entered where necessary with the correct entry

The table below details the authorisation limits for journals:

JOURNALS	Small Primary NOR 0 - 199	Primary NOR 200+	Secondary	Trust Budget
The reasons for journals are: <ul style="list-style-type: none"> <li>• To correct miscodings e.g. wrong code used.</li> <li>• Apportionments e.g. a proportion of a salary to a separate code</li> <li>• Internal trading activities e.g. reprographic charges to budget holders.</li> </ul> A print of all journals must be signed and dated by postholder with appropriate level of authority and retained (this can be done through a summary report on a monthly basis)				
Up to £50,000	Business Manager	Business Manager	Finance Manager / Business Manager	Finance Manager
Up to £100,000	Headteacher	Headteacher	Business Manager	CFOO
All journals over £100,000	Local Governing Body			Board of Trustees

## 8. PURCHASING

a. Value for Money (VfM)

The Trust must ensure that spending decisions represent value for money and are justified as such. An important value for money consideration is also the cost of the internal effort involved in managing the purchasing process. Significant service contracts will demand a major effort in terms of preparing specifications, drafting contracts and evaluating tenders. This effort can be greatly increased where the new UK e-notification service of

Find a Tender (FTS) (where notices for new procurements are required to be published in place of the Official Journal of the European Union's Tenders Electronic Daily (OJEU/TED)) applies. Therefore, in the interests of managing the Trust's own effort and costs, it is good practice to use multi-year contracts wherever the service requirement is enduring. There are also potential advantages whereby the supplier would be prepared to invest in order to make the service provision more efficient, if guaranteed a long-term contract. It is not possible to provide universal guidance on what would constitute an optimum period of contract. For example, market conditions can change and, during the latter period of the contract, the Trust may feel that it is paying more than necessary or conversely the supplier may feel they are no longer able to cover their costs. Neither situation is comfortable; hence, where the market is more subject to change, the period should be shorter than for more stable situations. The precise period should be agreed with the Chief Financial and Operating Officer as early as possible. A practical default position for large, high value contracts such as cleaning, catering and grounds maintenance is to aim for a 3-year contract with priced options to extend to 5.

A large proportion of the Trust's purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:

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

#### b. Routine Purchasing

Budget holders will be informed of the budget available to them at the beginning of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Finance staff in schools and in the Central team will provide regular information detailing actual expenditure against budget to each budget holder or in specific circumstances the budget holder will be given web access to view their budget. Budget holders are encouraged to check their budgets on a regular basis to ensure that spending is kept within the budget limits.

The purchasing of goods from internet sites such as e-Bay and Gumtree is discouraged. This is because:

- If an item is purchased from a private seller e.g. through auction, and there is then an issue with the goods, it is unlikely that the goods could be returned or a refund achieved.
- It may not be possible to receive a VAT invoice which may result in reduced value for money.

An exception may be made where the following conditions can be fully satisfied:

- There is a compelling business need for the goods to be purchased from the outset rather than opportunistic purchasing based upon value alone.
- The goods are not available from an alternative official supplier e.g. second-hand furniture that is of particular style which is no longer currently manufactured.
- The timing of when goods are required precludes an official supplier from being the preferred option.
- The goods are actually what the purchaser needs, to safeguard against unscrupulous suppliers that deceive purchasers with images of toy-sized goods that claim to be full-size.

- Given that not all suppliers on e-Bay/Gumtree will be able to provide an official VAT receipt (to enable the Trust/school to reclaim the VAT) the net purchase price must be less than that of an alternative official supplier where VAT is reclaimable.
- The cost of delivery and/or cost/time of collecting the goods does not compromise the purchase price VfM principle above.
- The average Customer Satisfaction Rating for the supplier must be at least 3.5
- The total value of items must be below £500

If a purchase fully satisfies the condition above the purchase may proceed subject to the requirements below:

- Strictly no second-hand electrical goods may be purchased
- An assessment of the possible health and safety risks is completed before a purchase is made
- If a purchase is made a further risk assessment of the goods is carried out when the goods are received, and any unacceptable risks managed accordingly
- The items must be purchased via an official Trust/school credit card

c. Purchasing Authority

No expenditure should be incurred, or commitment entered without formal delegated authority. A list of delegated authorities will be issued annually as part of the Finance Policy, once agreed by the Board.

Internal Purchase Orders must always be signed by the budget holder and countersigned at the appropriate level, according to the purchasing authority levels. (See Authority Level section for levels of authority)

No service / provision of goods contract of duration of more than 12 months can be entered into without authorisation in writing from the Chief Financial and Operating Officer, no matter what the value of the contract.

Where the contract is for an enduring service valued above £30k per year, the Chief Financial and Operating Officer's authorisation is necessary if it is not planned to use a multi-year contract.

All purchase orders must be priced before submission for authorisation, unless exceptional circumstances prevail in which case an explanation will be required, and a best guessed estimate must be given. Purchase orders must be submitted with all quotations received and retained together.

Once properly authorised, all internal purchase orders must be submitted to the relevant Finance staff, who will issue an official order.

The official order number must always be quoted.

All goods received should be checked against the order form and any missing or faulty goods should be reported to the supplier, who should either re-supply the goods or issue a credit note.

If any goods ordered on an official order form are returned, a notification should be sent to the relevant Finance staff, so that the commitment can be cancelled.

Staff are not permitted to obtain goods/services for private use.

d. Borrowing, including Leases

In line with the funding agreement, Academy Trusts must seek the ESFA’s prior approval for borrowing including finance leases and overdraft facilities.

Reference should be made to the Academy Trust Handbook.

No Overdraft, Finance Lease or Purchase agreements should be entered into without the prior approval of the Chief Financial and Operating Officer who will report all such agreements to the Board.

e. Expenditure authorisation limits

The Trust/Schools must be able to demonstrate separation of duties.

EXPENDITURE	Small Primary NOR 0 - 199	Primary NOR 200+	Secondary	Trust Budget
Planned Expenditure - Internal Orders Requisitions No expenditure should be incurred or commitment entered into without formal delegated authority. <b>All internal order forms</b> raised for any day to day expenditure within agreed budget levels to be authorised at the appropriate level, according to the following purchasing authority levels				
Up to £2,500	Budget Holder or Business Manager	Budget Holder or Business Manager	Budget holder	
Up to £5,000	Business Manager	Business Manager	Finance Manager / Business Manager	Finance Manager
Up to £15,000	Headteacher	Headteacher	Business Manager	CFOO
Up to £29,999 for Purchases/ Contracts* that have been specifically identified in the budget agreed by the Board of Trustees	Headteacher and CFOO	Headteacher and CFOO	Business Manager and CFOO	CFOO
Up to £29,999 for Purchases/ Contracts* that have been NOT been specifically identified in the budget agreed by the Board of Trustees	Local Governing Body with pre-approval of CFOO			Board of Trustees
ALL orders and contracts value between £30,000 and £184,999*	CFOO and Chief Executive			
All orders and contracts value over £185k*	CFOO, Chief Executive and minuted approval from Board of Trustees following completion of tender process			



\*These figures relate to both single orders or multiple orders placed with the same supplier within the financial year.

f. Petty Cash/Claim for Reimbursement/Expenses Claim

No petty cash will be held by the school or the Trust. All claims for reimbursement/expenses will be paid through the BACs system.

The relevant budget holder must authorise expenditure before the purchase of any goods/services, unless exceptional circumstances deem this impossible.

The maximum authorised amount for non purchase order expenditure is £50. In exceptional circumstances, planned non order purchase exceeding this limit must be pre authorised by the Business Manager

A valid VAT receipt should be attached to the claim form, which must be signed by the budget holder.

g. Procurement Requirements - Orders for work, goods, services and contracts

Value of Procurement Requirements:

Anticipated value of Goods, Services and Contract Sum  (Individual order, annual service and annual contract)	Minimum no of quotes  Trustees must make best effort to secure probity and value for money.
£1 - £4,999	Written quotation not required. However, for items in excess of £1k, it is good practice to receive and retain three written quotations on file.
£5,000 - £9,999	For items in excess of £5k, obtain and retain three written quotations on file. If three quotes aren't available, a reason must be recorded on the internal order form and signed by the Business Manager or Headteacher
£10,000 - £29,999	Minimum 3 Quotes, lowest acceptable offer.  Under the "Restricted Tender arrangements" at least three competitive written quotations should be invited from suitable suppliers and evidence retained on file. Three written quotations must be retained. If three quotes aren't available, a reason must be recorded on the internal order form, with written approval obtained from the Chief Financial and Operating Officer and retained on the order form. The Chief Financial and Operating Officer will report retrospectively to the Board of Trustees.
£30,000 - £185,000 or the current published FTS threshold, whichever is the lower	Minimum 3 Quotes to be obtained in conjunction with the LSP Central Team, lowest acceptable offer.  Under the "Restricted Tender arrangements" at least three competitive written quotations should be invited from suitable suppliers and evidence retained on file. Three written quotations must be retained. If three quotes aren't available, a reason must be recorded on the internal order form, with written approval obtained from the Chief Financial and Operating Officer and retained on

	the order form. The Chief Financial and Operating Officer will report retrospectively to the Board of Trustees.
Above £185,000 or the current published FTS threshold, whichever is the lower	Formal tendering procedure in conjunction with the LSP Central Team including, where necessary, advertising on Find a tender (FTS).  The work must be tendered in accordance with the Trust’s Tender procedures and protocols published in the Trust’s Financial procedures and with reference FTS Thresholds (Current FTS latest published threshold value).

The above limits apply to the estimated aggregated total value of any contract whether the work falls in one financial year or is an enduring multi-year contract.

The Trust/school will accept the lowest tender or quotation in all purchasing decisions unless:

- After having followed the procedures there is good evidence that the lowest priced supplier cannot perform to the specification
- A decision has been taken to judge quality and price together before prospective suppliers have been sought
- A specialist provider is required e.g. Asbestos removal would be undertaken by contractor linked to annual service contract and current Asbestos Risk Assessment

Should the selection of the “lowest acceptable offer” prove to be difficult, or in any way contentious, the matter should be referred to the Chief Financial and Operating Officer.

Where a single procurement process exceeds £30k the procurement process must be undertaken in conjunction with the LSP Central Team. This is to ensure value for money is achieved by pooling activity for similar goods/suppliers across the Trust and to ensure appropriate levels of scrutiny for suppliers that are appointed to multiple contracts.

Where a formal tendering procedure is used (>£185k or the current published FTS threshold, whichever is the lower), all tenders must be opened at the same time, in the presence of the Chief Financial and Operating Officer.

A list of the top 10 suppliers of goods and services shall be reported annually to the Board.

In exceptional circumstances and in line with their spending authority, the Chief Financial and Operating Officer (up to £10k) or the Chief Financial and Operating Officer and Chief Executive (up to £75k) can over-ride the policy on obtaining three quotes. Instances of such over-rides will then be reported to the Trustees by exception.

These limits do not apply to orders raised for Education visits as they are paid through parental contributions, however, it is good practice to obtain three quotes if alternative providers are available.

For facilities work, all contractors used for contracts in excess of £1k should be checked for financial stability, technical ability and that relevant insurance is in place. In the event that a contractor who is not on the Trust’s approved list is selected, all of the above checks must be carried out independently by the Trust/school. Supporting documentation confirming that these checks have been completed must be obtained and attached to the relevant contract file/order form.

#### h. Payment of Invoices

All invoices should be passed to the relevant Finance Office, on receipt.

The Finance Assistant will check the accuracy of each invoice and ensures that it meets current statutory requirements, before passing to the budget holder to authorise.

Invoices must only be paid if accompanied by a purchase order approved at the appropriate level.

All cheques/BACs payments must have a minimum of two authorisations.

Use of the Business Credit Card is restricted to Finance Staff only or other staff with prior authorisation from the Finance Manager or Business Manager. Purchases made must be in conjunction with an appropriately authorised purchase order. The Finance Manager or Chief Financial and Operating Officer will check and sign monthly statements.

Invoices will be paid within 30 days, unless the terms of credit state otherwise. The finance staff will take advantage of any discounts available for early settlement where this is to the Trust/school's advantage.

All invoices are retained by the associated Finance Office for six years, plus the current year.

#### i. Payment of Invoices from the Self-Employed

When considering appointing consultants, advisors, trainers, instructors or other individuals who supply services to the Trust, the employment status of the person must be determined before commissioning the work. The member of staff that is arranging for the work to be completed must complete the HMRC's Check Employment Status for Tax online tool (CEST) and follow the New Assignment Checklist provided at Appendix A.

The school should email the HMRC CEST tool outcome, the completed New Assignment Checklist and the Status Determination Statement (Appendix B) to [lsppfinance@lsp.org.uk](mailto:lsppfinance@lsp.org.uk). This should be sent as an encrypted email (before sending in outlook select options, then click encrypt).

If the outcome of the Status Determination Statement is self-employed, a number of additional documents also need to be completed. This includes:

- Self-Employment declaration Form (Appendix C)
- Company Information Form (Appendix D)
- Service Level Agreement (Example template provided as Appendix E)

Please be aware that some of the information of the Company Information Form will need to be updated on a periodic basis e.g. details of insurance cover.

#### j. Supplier record amendments

Additions and amendments to supplier records in PSF must be controlled. A 'new supplier / supplier amendment' form must be completed and reviewed by the Central Finance Team before any amendments are made in PSF. For new suppliers the form must be accompanied by the supplier's letterhead and first estimate/quotation/proposal.

All new supplier/supplier amendment forms must be filed ready for audit accompanied by all necessary paperwork.

Notification of changes to supplier bank details must always be independently verified before being actioned by contacting the supplier independently of the notification received.

- k. Extraordinary Expenditure (including transactions with connected parties and investment transactions)

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

- Novel payments are those of which the Academy Trust has no experience, or are those 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 media.
- Repercussive transactions are those likely to cause pressure on other trusts to take a similar approach and hence have wider financial implications.

- l. Irregular or improper purchasing

It is not permitted to purchase any alcohol, items for personal benefit or excessive gifts. This applies even if the purchases are funded by unrestricted funds.

## 9. TRANSACTIONS WITH RELATED PARTIES

- a. The Trust must be even-handed in its relationships with related parties by ensuring that:

- Trustees comply with their statutory duties as company directors to avoid conflicts of interest, not to accept benefits from third parties, and to declare interest in proposed transactions or arrangements.
- All Members, Trustees, local governors and senior employees have completed the register of business and pecuniary interests.
- No member, Trustee, local governor, employee or related individual or organisation can use their connection to the Trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the Trust.
- There are no payments to any Trustee by the Trust unless permitted by the articles, or by authority from the Charity Commission, and comply with any relevant agreement with the Secretary of State. The Trust needs to consider these obligations where payments are made to other business entities who employ the Trustee, are owned by the Trustee, or in which the Trustee holds a controlling interest.
- The Charity Commission's approval is obtained where the Trust believes a significant advantage exists in paying a Trustee for acting as a Trustee.
- Any payment provided to the persons referred to in this section satisfies the 'at cost' requirements.

The Trust must keep sufficient records, and make sufficient disclosures in the annual accounts, to show that transactions with these parties, and all other related parties, have been conducted in accordance with the high standards of accountability and transparency required within the public sector.

The Trust must report all transactions with related parties to ESFA in advance of the transaction taking place, using ESFA's on-line form.

Trusts must obtain ESFA's prior approval, using ESFA's on-line form, for contracts for the supply of goods or services to the Trust by a related party where any of the following limits arise:

- a contract exceeding £20,000.
- a contract of any value that would take the total value of contracts with the related party beyond £20,000 in the same financial year ending 31 August.
- a contract of any value if there have been contracts exceeding £20,000 individually or cumulatively with the related party in the same financial year ending 31 August.

For the purposes of reporting to, and approval by, ESFA, transactions with related parties do not include salaries and other payments made by the Trust to a person under a contract of employment through the Trust's payroll.

#### b. Register of Business and Pecuniary Interests

The Trust's register of interests must capture relevant business and pecuniary interests of Members, Trustees, local governors and senior employees, including:

- directorships, partnerships and employments with businesses
- trusteeships and governorships at other educational institutions and charities
- for each interest: the name of the business; the nature of the business; the nature of the interest; and the date the interest began.

The register must identify any relevant material interests from close family relationships between the Trust's Members, Trustees or local governors. It must also identify relevant material interests arising from close family relationships between those individuals and employees. 'Close family relationships' is defined in the Academy Trust Handbook.

The Trust should consider whether any other interests should be registered and should keep their register of business and pecuniary interests up to date.

The Trust must publish the relevant business and pecuniary interests of Members, Trustees, local governors and accounting officers. The Trustees have discretion over the publication of interests of any other individual named on the register.

#### c. At cost requirements

The 'at cost' requirement applies to contracts for goods and services from a related party exceeding £2,500, cumulatively, in any one financial year. For these purposes, where a contract takes the Trust's cumulative annual total with the related party beyond £2,500, the element above £2,500 must be at no more than cost.

To comply with the At Cost Requirements the Trust must pay no more than 'cost' for goods or services provided to it by the following persons ('services' do not include contracts of employment):

- Any Member or Trustee of the Trust.
- Any individual or organisation related to a member or Trustee of the Trust. For these purposes the Academy Trust Handbook provides a definition of when an individual or organisation is related to a Member, or Trustee.
- Any individual or organisation given the right under the Trust's articles of association to appoint a Member or Trustee of the Academy Trust; or anybody connected to such individual or organisation.
- Any individual or organisation recognised by the Secretary of State as a sponsor of the Trust; or anybody connected to such individual or organisation

The Academy Trust Handbook provides a definition of when a body is connected to another individual or organisation.

The 'at cost' requirement does not apply to the Trust's employees unless they are also one of the parties described above.

The Trust must ensure that any agreement with an individual or organisation referred to in this section is properly procured through an open and fair process and is:

- Supported by a statement of assurance from that individual or organisation to the Trust confirming their charges do not exceed the cost of the goods or services, and
- On the basis of an open book agreement including a requirement for the supplier to demonstrate clearly, if requested, that their charges do not exceed the cost of supply

d. Trustee/Governors' Allowances

Please refer to Members, Trustees and Governors Allowances Policy.

e. National Leadership of Governance (NLG) Grant

Funds received under the NLG grant may be paid to Trustees for work undertaken relating to the purpose and terms of the grant.

## 10. ASSETS

a. Acquisition and disposal of fixed assets (Reference Academy Trust Handbook)

The Trust must seek and obtain prior written approval from the Secretary of State, via the ESFA, for the following transactions:

- acquiring a freehold on land or buildings;
- disposing of a freehold on land or buildings; and
- disposing of heritage assets beyond any limits set out in the Trust's funding agreement in respect of the disposal of assets generally. Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, as defined in applicable financial reporting standards.

The Trust may dispose of any other fixed asset (i.e. other than land, buildings and heritage assets as described above) without the approval of the Secretary of State.

The Trust must ensure that any disposal maintains the principles of regularity, propriety and value for money. This may involve public sale where the assets have a residual value.

Some property transactions may be novel or contentious and so require the consent of the Secretary of State on that basis (please refer to the Academy Trust Handbook).

Schools must consult with the Chief Financial and Operating Officer before entering into any transaction that results in the acquisition or disposal of a fixed asset with a value above £1,000.

b. Capital Funding

Devolved Capital - School's will target their devolved capital to the following priority areas:

- Projects required to ensure that the school is safe and meet all health and safety requirements
- Condition projects identified by the Trust to be delivered from the School's Devolved Capital Allocation
- Any other projects identified in the school's Estates Development Plan

Approval will be required from the Chief Financial and Operating Officer for Devolved Capital Spend which is outside of the priority areas detailed above.

#### c. Asset Register

Maintenance of the asset register is overseen by the Central Finance Team. It is the policy of the Trust that each school must maintain an asset register of its fixed and moveable assets and enter individual acquisitions onto the register. Items should be added to the register that have a cost greater than £5,000 and add economic value to the asset. The relevant school Headteacher is responsible for ensuring that all equipment is marked as belonging to the school.

The asset register must be checked annually with the physical assets and the Chief Financial and Operating Officer informed of any surpluses/deficiencies revealed at these checks. Details of the annual audit of the asset register by schools will be submitted to the Chief Financial and Operating Officer and made available to the Board of Trustees.

When disposing of assets, the school will endeavor to maximise the proceeds of any asset sale.

No asset over the value of £1,000 may be sold or scrapped without the authority of the Chief Financial and Operating Officer.

Non-valuable items (up to £1,000) can be disposed of internally or by selling at school functions.

Valuable items (over £1,000 at the time of disposal) should be referred by the Chief Financial and Operating Officer for approval. Following approval for disposal the items should be advertised to the public and parents.

If the asset, for which a capital grant in excess of £20k was received, the approval of the Secretary of State is required prior to sale or disposal.

All losses must be reported to the Chief Financial and Operating Officer.

The Business Manager or Headteacher are responsible for ensuring that the police have been informed, if the loss is as a result of burglary or theft, and that the insurance company is informed at the same time. They must also take all necessary action immediately to prevent further loss.

#### d. Insurance

It is the responsibility of the Chief Financial and Operating Officer to ensure that the adequacy of insurance is reviewed annually and reported to the Audit and Risk Committee.

Details of all Trust wide insurance policies are kept in the Trust Finance Office under the control of the Chief Financial and Operating Officer. Schools should maintain the records of any insurance policies arranged by the school.

The school should immediately inform its insurers of all accidents, losses and other incidents which may give rise to an insurance claim. Claims under a Trust wide insurance

policy must be copied to the Chief Financial and Operating Officer on submission to the insurance company.

An annual return of all insurance claims is submitted to the Board, at the end of each financial year.

## 11. INCOME GENERATION including ACTIVITIES - involving collection of income /donations from parents

### a. School Lettings

Please refer to the LSP Lettings Policy.

### b. Charges and Remissions

Please refer to the LSP Charging and Remissions Policy.

### c. Music Tuition Fees

Please refer to the LSP Charging and Remissions Policy.

### d. Sale of Goods

**Educational equipment or materials, incidental to the provision of education must be sold at or below their cost price.**

An exception is uniform and sports clothing, which should be sold, inclusive of VAT (where applicable). When necessary, staff should seek advice from the Trust Finance Manager.

All Money will be collected and receipted at source by a member of the School's Finance Team. Those students who are receiving music tuition can purchase their musical instrument through the school at cost price.

### e. Financial Support to Students

Any request for financial support for optional extra activities from a student must be made in writing from the parents/carers and addressed to the Headteacher.

### f. 16-19 Bursary Funding

Please refer to the ESFA 16 - 19 Bursary Funding Guidance.

### g. 'UNOFFICIAL' School Funds

Schools in the Trust should not maintain a bank account for unofficial school funds. Such transactions should be administered through official funds and are included with the annual accounts and audited as part of the annual audit.

It is the responsibility of trip organisers to ensure that sufficient funding is available to cover the cost of all trips and the administration associated with it.

It is expected that all payments to the Trust will be made through the e-payments system via the school website. Collection of any cash/ cheques is to be collected by the School's Finance Team.



All fund raising by students, for charitable purposes, should be paid directly to the School's Finance Team for banking, in readiness for payments to be made by cheque or BACS to the named charity.

All requests for payment should be accompanied by invoices, or request for payments form signed by the relevant budget holder.

## 12. DEBTS

### a. Bad Debts

Bad debts are only written off when the school has followed all possible procedures to ensure their recovery, as detailed in the Debt Recovery Policy.

Individual debts below the value of £25 (per annum per pupil/student) for school dinners and out of hours childcare provision may be written off with the authorisation of the Business Manager.

All other individual debts below £500 must be referred to the Chief Financial and Operating Officer, who has authority to write off the debt.

Individual debts below £1,000 may be written off with the authorisation of the Chief Executive.

All debts in excess of £500 when written off within the above limits, must be reported retrospectively to the Board of Trustees.

Individual debts above £1,000 must be referred to the Trustees, who have authority to write off the debt.

The prevailing Academy Trust Handbook will specify the level at which bad debt write offs must be authorised by the ESFA.

## 13. BANKING AND CASH HANDLING

### a. Bank Facilities

The Trust's bank mandate is subject to annual review by the Board of Trustees. Any changes to the bank mandate must be approved by the Chief Financial and Operating Officer and reported to the Board of Trustees.

### b. Bank details - Authorised signatures

#### BACS

An approved BACS payroll will be sent by individual schools to the central finance team to be submitted for payment. The BACS payment must be authorised by two authorised personnel, one of which must be the Chief Executive or the Chief Financial and Operating Officer.

#### Cheques

All cheques will be signed by two authorised personnel and each cheque drawn on public funds must be signed by at least either the Chief Executive or the Chief Financial and Operating Officer.

The bank has been informed that the Trust is not allowed to borrow funds and that no account is allowed to become overdrawn.

All chequebooks must be held in the safe and pre-printed cheques held in a locked cupboard. On receipt of new cheques their numbers are recorded.

#### Credit cards

Credit cards will be recharged to the LSP bank account in full each month. Individual schools must reconcile the Credit card control account on a monthly basis and submit the reconciliation, using the template provided, to the Central Finance Team.

All credit cards must be held in a safe and secure place and both on and off of the school site. Credit cards should be kept in a safe when on school sites, if available.

#### Credit Card Authorisation Levels

CREDIT CARD	Small Primary Primary NOR 0 - 199	Primary NOR 200+	Secondary	Trust Budget
Credit Card limit Up to £1,500 Single order/item of up to £250	Finance Administrator			Finance Manager
Credit Card limit Up to £2,500 Single order/item of up to £500	Budget Holder or Business Manager		Budget Holder	Finance Manager
Credit Card limit Up to £7,500 Single order/item of up to £2,000	Business Manager		Finance Manager / Business Manager	Finance Manager
Credit Card limit Up to £10,000 Single order/item of up to £5,000	Headteacher		Business Manager	Chief Financial and Operating Officer

Upon being issued a credit card, the cardholder must set up a unique password. The cardholder must register on the Lloyds Commercial Cards online programme and also activate the card with the Lloyds Bank Helpdesk Tel. 0345 030 6270, the password is required for both these purposes. Without completing these two processes the cardholder will be unable to start using the card.

Credit card holders must sign a LSP Terms of Use form and return it to the Central Finance Team. This provides the Trust with assurance that the cardholder understands and will abide to the conditions of use.

Credit cards are only to be used when it is not practical to use the BACS system or where buying online by credit card can result in greater value for money.

Credit cards are only to be used by the named card holder. If a card is to be used by someone other than the cardholder, the cardholder consent must be given in writing and retained with the purchase source documentation.

Credit card purchases must be made in line with normal purchasing procedures. A requisition order form must be completed and authorised by the budget holder before the purchase is

made. If the cardholder is the budget holder, another senior member of staff must authorise the requisition before purchase.

Where possible a VAT invoice must be provided for all purchases

The cardholder may download credit card statements from the Lloyds Commercial Cards portal for reconciliation purposes. Each cardholder is responsible for signing their credit card statement authorising it for payment and returning it to LSP Central Office.

c. Bank Reconciliation

Bank reconciliations are performed monthly within 7 days of the period end. The information is downloaded from Lloyds Commercial Banking Online by the Finance Officer who processes the reconciliation and is later signed/electronically stamped approved by the Finance Manager.

d. Cash Handling

A receipt should be issued in respect of all monies received by finance staff. Cash and cheques must be locked in a secure place prior to banking to safeguard against loss or theft. All cash must be banked intact and recorded on paying-in slips. Bank paying-in slips must show the split of cash and cheques.

All monies received should be banked by the finance staff regularly. Where unusually high levels of cash are received these will be banked on the day of receipt. No more than £5,000 of cash should be held on a school site.

e. Cashbooks

Cashbooks are kept in a computerised format for both public and non-public funds.

## 14. ANTI FRAUD

- a. Please refer to Business Ethics Policy which incorporates an Anti Fraud Policy, procedures and an Anti Fraud Recovery Plan.
- b. Fraud Examples

Below are some examples of the types of fraud that have occurred across the country:

### Leases

Academies are often offered leases and rental or hire agreements for equipment such as photocopiers, phones and computers. Whilst technically Academies have the freedom to sign operating leases, finance leases are not allowed.

Some of the deals look too good to be true with low or zero upfront costs, although they often entail high life time costs and severe exit penalties. These penalties can cost the same amount as the total amount of the lease. One School, outside of our Trust, fell victim to sharp sales tactics and ended up committing the school to 14 financial agreements for 12 photocopiers which resulted in expenditure of almost £900,000.

### Recruitment

Issues can arise if a senior member of staff recruits a family member or friend. By doing this a number of conflicts of interest can arise such as the senior member of staff signing off additional hours of work that have not been completed by a family member. There is also the possibility of the candidate not being the best person for the role.

If there is a potential conflict of interest, for example a family member has applied for a post within the Trust; the member of staff concerned must disclose the potential conflict to the Head Teacher, Chair of Governors or Chief Financial and Operating Officer immediately. The Head Teacher, Chair of Governors or Chief Financial and operating Officer should ensure that appropriate controls are put in place to manage the potential conflict in an open and transparent manner and the risk of impropriety is minimised.

#### Cheque Fraud

School cheque fraud has become an increasing problem. There have been instances where cheques have been stolen from the cheque books and cashed or legitimate cheques have been intercepted and amended. Additionally, cheque amounts have been changed by the payee.

Some staff fail to line off after the payee's name on the cheque, which has resulted in the payee inserting an additional hundred before the actual amount. Cheque books should be regularly checked and reconciled with payments that have been taken out of the Trust's account.

#### Credit Cards

There are usage agreements that are in place to prevent the misuse of purchase cards. However, there have been instances where members of staff have used the card for their own personal purchases. An investigation (not in the Lighthouse Schools Partnership), examined the use of a purchase card that had been used for petrol, electrical goods, food, holidays and DIY. It transpired that both the Head Teacher and Office Manager had been extensively using the purchase card for their own personal use.

#### BACS

BACS payments are not immune to fraud. There are a number of scams such as 'phishing' and 'vishing' which is where fraudsters attempt to obtain log in details by pretending to call from genuine high street banks. They often sound very professional and the fraudsters will sometimes ask staff to call them back on authentic sounding telephone numbers (such as 0845 223344) which the fraudsters have purchased to help them commit the fraud. Equally, it is important to ensure that BACS log in credentials are stored securely and not shared, and when members of staff leave their log in credentials must be deleted.

#### Invoices

There have been instances where fraudulent invoices have been sent to Academies for goods that haven't been ordered or received. Sometimes these invoices are for small amounts and sent out in their thousands to Academies up and down the country. These invoices are often sent during the holidays in the hope that staff will be too busy to check each invoice when they return for the start of term.

#### Income

It is common for Academies to rent out their facilities in order to generate income. Fraud can occur when the income received, especially if payment is made in cash, is stolen by staff or third parties if not properly banked and/or secured.

## 15. SECURITY and PASSWORDS

### a. Passwords - Security of access

Computer systems used for Trust/school management are protected by password security to ensure that only authorised staff have access. Passwords must be cancelled immediately when

staff leave. Passwords must be changed regularly. For financial and payroll systems, passwords must be changed at least termly (six times per year).

b. Security of safes and keys

Trust and school safes must be kept locked and the keys removed and taken home by a designated member of the finance team. The finance team must ensure that the loss of the safe keys is reported immediately to the Business Manager.

The Business Manager in each school must hold a key log for staff who hold safe keys. Keys should be recovered prior to staff leaving the school.

## 16. WHISTLEBLOWING (Financial and Business)

Please refer to the Business Ethics Policy.

## 17. PAYROLL and PENSIONS

a. New Appointments

For positions within the approved budget these must be signed by the Headteacher and Business Manager, with the exception of SLT/Management positions which also require the Chief Executive's authority.

All new positions outside of the approved budget must be authorised by the Chief Executive and reported to the Board.

b. Payroll - Authorised Signatories

Payroll documentation for new appointments and resignations, including Salary Statements must be signed as follows:

Central Team Posts

Chief Executive to be signed by Chair of Board of Trustees

Chief Financial and Operating Officer to be signed by Chief Executive and Chair of Board of Trustees

Trust wide appointments to be signed by the Chief Executive and Chief Financial and Operating Officer

School Posts

Individual School Headteacher appointments to be signed by the Chief Executive and Chair of Board of Trustees

All other staff must be signed by the Headteacher (or the Deputy Headteacher in the absence of the Headteacher).

All other payroll documentation must be signed by either the Headteacher or the School Business Manager

Contract amendments can be authorised by the Headteacher or Business Manager as long as the amendment is within the agreed budget.

c. General

All overtime worked must have prior authorisation by a member of the leadership team. Overtime claims completed at the end of each month are paid with the following month's salary.

All payroll files should be kept securely in the Finance/HR Office. Access should be restricted to the Board of Trustees, Headteacher and Finance/HR staff.

Net payments to staff are made by direct debit using the Banks Automated Clearing System (BACS). All other payments to external agencies are made by direct debit. It is the responsibility of the Finance Manager to ensure that payments are made by the required statutory dates so that no unnecessary fines are incurred.

d. Payroll Procedures

See separate payroll flowchart documentation (being updated in line with Civica (HR System) implementation)

e. Special Payments

Certain transactions by public bodies may fall outside their usual planned range of activity and may exceed statutory and contractual obligations. HM Treasury refers to these as special payments and they are subject to greater control than other payments. They include:

- staff severance payments
- compensation payments
- ex gratia payments

Special Staff Severance Payments

Special severance payments are paid to employees outside normal statutory or contractual requirements when leaving employment in public service whether they resign, are dismissed or reach an agreed termination of contract. They are different to ex gratia payments.

When considering making a staff severance payment above the statutory or contractual entitlement, the following issues must be considered before making a binding commitment:

- that the proposed payment is in the interests of the Trust
- whether such a payment is justified, based on a legal assessment of the chances of the Trust successfully defending the case at employment tribunal. If there is a significant prospect of losing the case a settlement may be justified, especially if the costs incurred in maintaining a defence are likely to be high. Where a legal assessment suggests that 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

Staff severance payments should not be made where they could be seen as a reward for failure, such as gross misconduct or poor performance. The only acceptable rationale in the case of gross misconduct would be where legal advice is that the claimant is likely to be successful in an employment tribunal 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 has delegated authority to approve individual staff severance payments provided any non-statutory/non-contractual element is under £50,000 gross (i.e. before income tax or other deductions). Where the Trust is considering a non-statutory/non-contractual payment of £50,000 or more, (gross, before deductions), ESFA's approval must be obtained before the Trust makes any binding offer to staff.

The Trust should demonstrate value for money by applying the same level of scrutiny to a payment under £50,000 as if it were over the £50,000 delegation and have a business case justifying the settlement. Settlements must not be accepted unless they satisfy the conditions in the Academy Trust Handbook and in ESFA's guidance and submission template.

Additionally, in accordance with [HM Treasury's Guidance on Public Sector Exit Payments](#), academy trusts must obtain prior ESFA approval before making a staff severance payment where:

- an exit package which includes a special severance payment is at, or above, £100,000; and/or
- the employee earns over £150,000.
- HM Treasury approval must be sought before any offers, whether oral or in writing, are made. Guidance on the approval process can be found by clicking here.

Further [Guidance on Settlement Agreements, Special Severance Payments on Termination of Employment and Confidentiality Clauses](#) from the Cabinet Office is also available.

The Trust must ensure that the use of confidentiality clauses associated with staff severance payments do not prevent an individual's right to make disclosures in the public interest (whistleblowing) under the Public Interest Disclosure Act 1998.

#### Compensation Payments

Compensation payments are made to provide redress for personal injuries, traffic accidents, damage to property etc. When 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 and insurance advice, where relevant, and ensure that value for money will be achieved.

ESFA prior approval must be obtained for the non-contractual/non statutory element of a staff severance payment or compensation payment of £50K or more.

The Trust should consider whether any cases reveal concerns about the effectiveness of internal control systems and take steps to put failings right.

#### Ex gratia payments

Ex gratia payments are another type of transaction that go beyond statutory or contractual cover, or administrative rules. Examples include payments to meet hardship caused by official failure or delay, and to avoid legal action due to official inadequacy.

ESFA prior approval must be obtained to ex gratia payments of any value.

#### f. Recovery of overpayment of salary

Please refer to LSP recovery of salary overpayments and correction of underpayments of salaries policy.

## 18. REPORTING TIMETABLE

The ESFA produce a reporting timetable each year.

The Trust produces an Annual Planner which includes key financial dates.

### Related financial documentation

EFA Academy Trust Handbook

Business Ethics Policy  
Member, Trustee, Governor Allowances for Expenses Policy  
Charging and Remissions Policy  
Debt Recovery Policy  
Policy and Regulations for Lettings of Premises  
Recovery of salary overpayments and correction of underpayments of salaries Policy  
Bank Mandate

## Glossary

**Academic year** - The 'school year' starting 1 September and ending 31 August.

**Academy Trust Handbook (ATH)** - the main reference tool to help Trust's apply good financial management, setting out the requirements to be followed

**Academy Trust** - The company that has entered into a funding agreement with the Secretary of State to run one or more academies.

**Accounting Officer** - The senior executive leader of the Academy Trust, accountable for value for money, regularity and propriety. In SATs, this should be the principal. In MATs, it should be the chief executive or equivalent.

**Accounting Officer's statement on regularity, propriety and compliance** - The accounting officer must complete and sign this statement in the Trust's annual accounts.

**Accounts Direction** - ESFA's guide for academies on preparing their annual accounts.

**Accounts return** - A return based on Academy Trusts' annual accounts, incorporating additional data required for the sector annual report and accounts, and for collecting benchmarking data.

**Articles of Association** - The articles set out the Trust's charitable object(s) and governance arrangements.

**Asset** - Anything capable of being owned or controlled to produce value and held to have positive economic value. Can be 'revenue' (e.g. cash) or 'capital' (e.g. a building).

**Balanced budget** - A budget plan setting out projected income and expenditure drawing on unspent funds from previous years as necessary. Trusts do not have to balance income and expenditure in each year to zero and can carry forward unspent GAG (if eligible).

**Bank Automated Credits (BACS)** - Trust's preferred payment method.

**Business Manager (BM)** - responsible to the Headteacher for financial management in each school

**Capital** - Capital assets or funding are those from which an academy trust expects to derive benefit for more than one year: typically land, buildings, vehicles, and information technology. Capital assets are usually called fixed assets.

**Chief executive** - The senior executive leader and head of the management team of a MAT. Trusts may use alternative descriptions for this post such as executive principal.

**Chief financial officer** - The individual leading the finance department: e.g. finance director, business manager or equivalent. In the Lighthouse Schools Partnership this is the Chief Financial and Operating Officer (CFOO)



**Companies House** - The UK's Registrar of Companies whose functions are to incorporate and dissolve companies, examine and store company information and accounts, and make this publicly available.

**Consistent Financial Reporting (CFR)** - The consistent financial reporting framework provides a standard template for schools to collect information about their income and expenditure by financial years

**De facto Trustee** - A person not validly appointed as a Trustee but exercising the functions that could only be properly discharged by a Trustee. See also shadow directors.

**Department for Education (DfE)** - The Department for Education is responsible for children's services and education, including higher and further education policy, apprenticeships and wider skills in England. The department is also home to the Government Equalities Office.

**Economy** - Obtaining an outcome for the least possible input of resources.

**Education and Skills Funding Agency (ESFA)** - An executive agency of the DfE acting as agent of the Secretary of State.

**Effectiveness** - Obtaining the desired outcome.

**Efficiency** - Obtaining the best possible outcome for the resources input.

**Executive Team** - The Executive Team comprises of the Chief Executive, the Chief Financial and Operating Officer and the Director of Education.

**Exempt Charity** - An exempt charity does not have to register with the Charity Commission. The principal regulator of exempt Trusts is DfE. Exempt Trusts still need Charity Commission's approval for some transactions e.g. Trustee payment for work as Trustee.

**Financial Reporting Manual** - HM Treasury's accounting guide for preparing accounts in government departments and other entities consolidated within Whole of Government Accounts.

**Financial year** - For Academy Trusts, usually the same as the academic year, from 1 September to 31 August.

**Funding Agreement** - The agreement between the Academy Trust and the Secretary of State, which includes funding arrangements, obligations and termination provisions.

**General Annual Grant** - The main revenue funding for Academy Trusts.

**Headteacher (HT)** - Responsible for the strategic and operational management and performance of their school(s)

**Her Majesties Revenue and Customs (HMRC)** - Her Majesty's Revenue and Customs is a non-ministerial department of the UK Government responsible for the collection of taxes, the payment of some forms of state support and the administration of other regulatory regimes including the national minimum wage.

**Hub Business Leaders** - Provide an operational support network to schools in geographical hubs.

**Local Authority (LA)** - LAs role in education is to ensure that strategic coherence is in place, build capacity across the education system, champion the needs of vulnerable children and young

people, commission home to school transport, ensure a sufficient supply of good education places and to champion the needs of children and families.

**Local Governing Body (LGB)** - The Local Governing Body is empowered, as a Committee of the Board of Trustees, to act and exercise the powers and responsibilities set out in this scheme of Delegation and in its Terms of Reference.

**National Insurance Contributions (NIC)** - National insurance helps to pay for some state benefits including retirement pensions.

**Pay As You Earn (PAYE)** - income tax which is deducted from your salary before you receive it.

**Private Finance Initiative (PFI)** - PFI involves funding public infrastructure projects using private capital.

**Propriety** - Dealing with expenditure and receipts in accordance with Parliament's intentions and the principles of parliamentary control. This covers standards of conduct, behaviour and corporate governance.

**PS Financials (PSF)** - Financial operating system used by all schools within the LSP

**Public funds** - Funds that, ultimately, derive from parliamentary authority. All Academy Trusts' income, expenditure, assets and liabilities are consolidated into a sector account and will be considered by Parliament to be public unless otherwise demonstrated.

**Related Parties** - Definitions of related parties can be found in the Academy Trust Handbook. Related parties include:

- Any Member or Trustee of the Trust.
- Any individual or organisation related to a Member or Trustee of the Trust.
- Any individual or organisation given the right under the Trust's articles of association to appoint a Member or Trustee of the Academy Trust; or anybody connected to such individual or organisation.
- Any individual or organisation recognised by the Secretary of State as a sponsor of the Trust; or any body connected to such individual or organisation

**Regularity** - Dealing with income and expenditure in accordance with legislation, the funding agreement, the handbook, and the Trust's internal procedures. This includes spending public money for the purposes intended by Parliament.

**Risk protection arrangement** - An alternative to insurance for Academy Trusts where losses are covered by government funds.

**Secretary of State** - The Secretary of State for Education.

**Shadow director** - A person in accordance with whose directions or instructions the directors of a company are accustomed to act. See also de facto Trustee.

**Special payments** - Payments outside the normal range of activities approved by Parliament and therefore requiring greater control, including ex gratia payments, staff severance payments, compensation payments and other extra-statutory or extra-contractual payments.

**Statement of Recommended Practice** - The Charity Commission document describing the format of charity accounts.

**Value Added Tax (VAT)** - A tax levied on the sale of goods or services by UK businesses

**Value for money** - Achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of resources, the avoidance of waste and extravagance, and prudent and economical administration.

**Whistleblowing** - When an employee reports suspected wrongdoing at work and makes a disclosure in the public interest, under the protection of the Public Interest Disclosure Act 1998.

## Appendix A



## LIGHTHOUSE SCHOOLS PARTNERSHIP

### New Assignment Checklist for Off payroll working (IR35)

To be completed by the member of staff that is arranging for the work to be completed before the work commences.

Assignment to which this checklist applies	
School:	
Name of member of staff responsible:	
Description of the assignment:	
What status determination was generated by the HMRC CEST tool? (Please attach a copy)	Choose an item.
If HMRC CEST determination is employed please complete section 1 of the checklist	If HMRC CEST determination is self-employed please complete section 2 of the checklist
Checklist to be completed when assignment is approved (before identifying who will undertake the work)	
Section 1 - Status determination employed	
To be completed when assignment is approved (before identifying the individual that will undertake the work)	
Job title and description prepared (in conjunction with the Central HR Team)	Choose an item.
Determine length of assignment if fixed term	Choose an item.
Determine number of hours per week to deliver assignment within budget	Choose an item.
Determine appropriate conditions of employment (teaching or support)	Choose an item.
If support, determine number of working weeks to deliver assignment within budget	Choose an item.
Determine appropriate salary level (in conjunction with the Central HR Team)	Choose an item.
Appropriate, fair and transparent recruitment process agreed	Choose an item.
Completed by:	
Date:	
To be completed when recruitment is complete	
Normal recruitment and new starter process followed	Choose an item.
Completed by:	

Date:	
<b>Section 2 - Status determination self-employed</b>	
To be completed when assignment is approved (before identifying the contractor that will undertake the work)	
Draft Service Level Agreement/Contract produced	Choose an item.
Appropriate procurement agreed	Choose an item.
Completed by:	
Date:	
<b>To be completed when procurement process is complete</b>	
Contractor completes self-employed Declaration Form	Choose an item.
Contractor completes Company Information Form	Choose an item.
Service Level Agreement/Contract finalised	Choose an item.
Completed by:	
Date:	

## Appendix B



## LIGHTHOUSE SCHOOLS PARTNERSHIP

### Off-payroll working (IR35) Status Determination Statement

To be completed by the member of staff that is responsible for the assignment

#### Details of the individual providing the service

Name of individual providing the service:	
Individuals company trading name (if different):	
Individuals/company registered company number:	
Individuals home address:	
Individuals/company trading address (if different):	
Name, role and contact details of company contact (if different):	

#### Assignment to which this status determination statement relates

Name of individual providing the service (Off-payroll worker):	
Assignment description:	
School/Central Team:	
Name of member of staff responsible for the assignment:	

#### Status determination

The off-payroll rules <b>do</b> apply to the Assignment, i.e. the Assignment is ' <b>Inside IR35</b> ' - please check the box	<input type="checkbox"/>
The off-payroll rules <b>do not</b> apply to the Assignment, i.e. the Assignment is ' <b>Outside IR35</b> ' - please check the box	<input type="checkbox"/>
The School's/Trust's reasons for this status determination are:	This must include how the status determination decision was made, e.g. it could include a date stamped PDF of the results from HMRC CEST tool
If the Contractor believes that this status determination decision is incorrect, the Contractor must follow the Trust's dispute procedure with immediate effect.	
Signature:	
Name:	
Position:	
Date of status determination statement:	



### Declaration for Contracting the Services of a Self-Employed Worker

The declaration form regarding self-employed worker must be signed by the supported person representing Lighthouse Schools Partnership and the self-employed worker and returned to the Lighthouse Schools Partnership for assurance purposes.

It is essential that self-employed workers provide proof that they are registered as self-employed for tax and insurance purposes.

Name ..... DIRECT PAYMENT RECIPIENT

(please use block letters)

or

Name..... LEGAL REPRESENTATIVE

(please use block letters)

On behalf of Lighthouse Schools Partnership it is understood it is my responsibility to ensure I contract only with persons who meet the HMRC criteria and I have the following paperwork in place:

- A copy of the Service Agreement or Service Provision Contract (terms and conditions) detailing how much the worker is charging, responsibility for their own training and equipment;
- A copy of how and when they will invoice and terms of payment;
- A written statement /evidence from HMRC; Employment Status Indicator (ESI) confirming the worker is registered as a self-employed worker, detailing the registration terms;
- A copy of their Unique Tax Reference Number (UTR)
- Evidence that they take responsibility for paying their tax and national insurance contributions;
- A copy of the appropriate liability insurance and indemnity cover documents;



Only once the proposed self-employed worker has shared relevant documents with Lighthouse Schools Partnership, can the contractual agreement commence.

Details of the self-employed worker contracting with Lighthouse Schools Partnership:

Name (Capitals).....

Job Title.....

Self-employed worker registration details.....their status

Address.....

.....

.....

Signature..... (self-employed worker)

Date.....

Signature..... (Direct Payment Recipient)

Date.....

Signature.....(Legal representative-where applicable)

Date.....

When the services of a self-employed worker are to be utilised and funded by direct payment, please send a copy of the Employment Status Indicator (ESI), Unique Tax Reference Number (UTR) and liability insurance to Lighthouse Schools Partnership who will keep a copy for record purposes.

Lighthouse Schools Partnership will not release money into the designated bank account until the documentation is received.

This form and documentary evidence should be returned to:

Lighthouse Schools Partnerships c/o school in which services relate:-

School Name.....

Contact Person .....

Address.....

.....

Postcode..... To be returned by.....date

## Appendix D



# LIGHTHOUSE

## SCHOOLS PARTNERSHIP

### COMPANY INFORMATION FORM

School/Central Team:	
Company Name:	
Registered Address:	
Company Number:	
Company Type: (e.g LTD/at PLC)	
VAT Registration No.:	
Unique S/E Tax Reference:	
Company Directors:	
Does Company or Directors have CCJs:	
Others with Significant Control:	
Annual Turnover (most recently completed financial year)	£
Number of Schools currently supported Nationally	
Number of Schools currently supported Locally	<ul style="list-style-type: none"> <li>• North Somerset =</li> <li>• Bath &amp; North East Somerset =</li> <li>• South Gloucestershire =</li> </ul>

	<ul style="list-style-type: none"> <li>• Bristol =</li> <li>• Somerset =</li> </ul>
Number of staff fully employed: (not including Sub-Contractors or zero hour contracts)	
Details of Liability Insurance	
Please provide 3 Reference Schools	<ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> </ol>
Do all staff hold an enhanced DBS check?	
Are all staff Safeguarding trained?	
Please confirm you agree to LSP undertaking background checks/searches	

## Appendix E



## LIGHTHOUSE SCHOOLS PARTNERSHIP

### Service Level Agreement

This is a Service Level Agreement (SLA) between [School] and [Contractor's name, postal address]. This document identifies the services to be provided between MM/DD/YY to MM/DD/YYYY.

Signatories:

On behalf of the Contractor:	
Print name:	
Position:	
Date:	
On behalf of the School	
Print name:	
Position:	
Date:	

#### 1. Contractual Parameters

This section specifies the contractual parameters of this agreement:

- a. Modifications, amendments & extension of this SLA must be agreed by both signatory parties.
- b. [School] reserve the right to terminate this agreement for whatever reason giving xxxxx notice (LSP suggest 48 hours)
- c. The Contractor will indemnify LSP against all losses as a direct result of contractor negligence
- d. The Contractor will indemnify LSP against all losses as a direct result of contractor failing to comply with GDPR/Data Protection
- e. The Contractor will not sub-contract any elements of the goods and services provided without prior written consent

#### 2. Details of Goods &/or Services to be provided

### 3. Responsibilities

[School] responsibilities:

- [School] shall inform the Contractor of changing business requirements that may necessitate a review, modification, or amendment of the SLA.

Contractor responsibilities

- The Contractor will inform [School] regarding any issue, disruption or delay of provision of this service as necessary, E.g. due to staff absence.
- The Contractor will hold an Enhanced DBS check (school to see evidence)
- The Contractor will have undertaken safeguarding training if appropriate to the role (school to see evidence)
- The Contractor will have public liability insurance (school to see evidence)
- The Contractor will have Professional Indemnity Insurance (school to see evidence)
- The contractor will act in accordance with GDPR regulations

### 4. Financials

- The fees for the products/services outlined within this agreement are [ ]
- Payment terms will be [ ]
- VAT registration details (if applicable) [ ]
- Bank details [ ]