Finance Policy

FOREST OF DEAN TRUST

Policy name	Finance Policy
Version date	November 2026
Owner	JR
Approval date	11th November 2026
Approver	Trustees
Review frequency	Annually
Review date	November 2027

Contents

Governance	3-12
Main Financial Requirements	13-15
Basic Control Principles	16-26
Annual Accounts and External Audit	26-28
Reserves and Investment Statement	29-31
Central Services Recharge Statement	32-33

Governance

Roles and responsibilities

The duties of key people responsible for running the Forest of Dean Trust:

Trustees have the skills, knowledge and experience to run the Academy Trust.

Members

The Forest of Dean Trust has four members. They:

- are the subscribers to the memorandum of association
- may amend the articles of association subject to any restrictions created by the funding agreement or charity law
- may, in certain circumstances, appoint new members or remove existing members
- have powers to appoint and remove Trustees in certain circumstances
- may, by special resolution, issue direction to the Trustees to take a specific action
- have the power to change the company's name and, ultimately, wind it up.
- all of our members will be independent of the board of Trustees
- members will be “eyes on and hands off”

Trustees

The Forest of Dean Trust has appointed five Trustees. These Trustees of the academy trust are both charity Trustees and company directors.

The Trustees will focus on the core functions:

- ensuring clarity of vision, ethos and strategic direction
- holding executive leaders to account for the educational performance of the organization and its pupils, and the performance management of staff
- appoint the Trust's auditors and receive the audited annual accounts (subject to the Companies Act)
- overseeing and ensuring effective financial performance, ensuring compliance with the Academies Financial Handbook:

The Trustees will apply the highest standards of conduct and ensure robust governance, as these are critical for effective financial management.

- **accountability** that drives up educational standards and financial performance
- **people** with the right skills, experience, qualities and capacity
- **structures** that reinforce clearly defined roles and responsibilities
- **compliance** with statutory and contractual requirements
- **evaluation** of governance to monitor and improve its quality and impact
- The Trustees will comply with the trust's charitable objects, with company and charity law, and with their funding agreement. Company directors' duties are described in sections 170 to 181 of the Companies Act 2006, but in summary are to:
    - act within their powers
    - promote the success of the company

- exercise independent judgement
- exercise reasonable care, skill and diligence
- avoid conflicts of interest
- not accept benefits from third parties
- declare interest in proposed transactions or arrangements

Chair of Trustees

The Chair of Trustees, is responsible for ensuring the effective functioning of the Board and for setting professional standards of governance and accountability for the Board. They will act as the communicator between the local governing bodies for the individual schools within the Trust and the Board of Trustees, and the Members.

The Chair of the Trustees will lead a review of the skills set held by the board at appropriate intervals.

Audit Review Committee (ARC)

The Forest of Dean Trust has an audit review committee that will consist of 3 people that will ensure the financial, risk and governance aspects of the Trust are compliant and fit for purpose.

This committee will report directly to the Trustees on matters reviewed. The membership of this committee will contain two trustees and an independent consultant as chair to review processes, it will meet three times a year and report back. Membership of this committee cannot include the Chair of Trustees, CEO or CF although they can be invited to the meetings to discuss matters.

Financial Review Committee (FRC)

The Forest of Dean Trust has a finance review committee that will consist of 3 people that will ensure the financial risks of the Trust are compliant and fit for purpose.

The Accounting Officer

The Board of trustees has appointed Mr Stephen Brady as the Chief Executive of the MAT.

Accounting officers **must** be able to assure Parliament, and the public, of high standards of probity in the management of public funds, particularly regularity, propriety and value for money.

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

The accounting officer's annual statement

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

The accounting officer's duty to raise concerns

The accounting officer **must** take personal responsibility (which **must not** be delegated) for assuring the board that there is compliance with the funding agreement and handbook.

The accounting officer will advise the board in writing if action it is considering is incompatible with the articles, funding agreement or handbook.

Similarly, the accounting officer will advise the board in writing if the board fails to act where required by the funding agreement or handbook. Where the board is minded to proceed, despite the accounting officer's advice, the accounting officer **must** consider the board's reasons and if the accounting officer still considers the action proposed by the board is in breach of the articles, the funding agreement or handbook, the accounting officer **must** notify ESFA's accounting officer immediately in writing.

The Finance Director

The Trustees have appointed Mrs Janet Ray as the Finance Director.

Skills and experience The FD and their finance staff are appropriately qualified and/or experienced.

(The change in the financial handbook for 2026 advises that for trusts with over 3,000 pupils any CFO recruitment exercise commencing on or after **1 October 2026 should** specify that the person **should** be a qualified accountant, and a member of the relevant professional accountancy body and/or hold the CIPFA level 7 qualification).

The Governance Professional

The academy trust has appointed Mrs Hannah Tufnell as the Governance Professional, she will help the efficient functioning of the Board by providing:

- administrative and organisational support
- guidance to ensure the board works in compliance with the appropriate legal and regulatory framework, and understands the potential consequences of non-compliance
- advice on procedural matters relating to operation of the Board.

Mrs Ray retains the post as Company Secretary.

Delegated Authorities

The academy trust has autonomy over financial transactions arising in the normal course of business. However, some transactions have delegated authority limits beyond which trusts **must** obtain prior ESFA approval.

As a multi academy trust the trustees will ensure they are familiar with these requirements and ESFA may intervene where trusts do not seek the required ESFA approval in advance.

Disclosure

Irrespective of whether ESFA approval is required, the academy trust will disclose aggregate figures for transactions of any amount, and separate disclosure for individual transactions above £5,000, in its audited accounts for the following transactions:

- special payments – compensation
- special payments – ex gratia
- writing off debts and losses
- guarantees, letters of comfort and indemnities
- acquisition or disposal of freehold land and buildings
- disposal of heritage assets
- taking up or granting a leasehold on land and buildings
- gifts by the trust

The following transactions will be disclosed in total, and individually:

- special payments – staff severance, of any value

Novel, contentious and repercussive transactions

Novel, contentious and/or repercussive transactions **must** always be referred to ESFA for prior approval. ESFA may refer such transactions to HM Treasury for approval, so trusts should allow sufficient time for proposals to be considered.

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

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 calls these special payments, and are subject to greater control than other payments. They include:

- staff severance payments
- compensation payments
- ex gratia payments

Special staff severance payments

Special staff severance payments are paid to employees outside statutory or contractual requirements when leaving public employment. They are different to ex gratia payments.

If an academy trust is considering a staff severance payment above statutory or contractual entitlements, it **must** consider the following issues before making a binding commitment:

- that the proposed payment is in the trust's interests
- whether the payment is justified, based on legal assessment of the trust's chances of successfully defending the case at employment tribunal. If there is a significant prospect of losing the case, a settlement may be justified, especially if the costs of a defence are likely to be high. Where a legal assessment suggests the trust is likely to be successful, a settlement should not be offered
- if the settlement is justified, the trust would need to consider the level of settlement. This

must be less than the legal assessment of what the relevant body (e.g. an employment tribunal) is likely to award.

Staff severance payments will 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 succeed 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 academy trust has delegated authority to approve individual staff severance payments provided any non-statutory/non-contractual element is under £100,000 gross (i.e. before income tax or other deductions). Where the trust is considering a non-statutory/non-contractual payment of £100,000 or more, (gross, before deductions), ESFA's prior approval must be obtained before making any binding offer to staff. ESFA will refer such transactions to HM Treasury, so trusts should allow sufficient time for proposals to be considered. Examples of approval requirements are as follows:

The Trust will ensure 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 provide redress for loss or injury, for example personal injuries, traffic accidents or damage to property. If an academy trust is considering a compensation payment, it will base its decision on a careful appraisal, including legal advice where relevant, and ensure value for money. Where the trust is considering a non-statutory/non-contractual payment of £50,000 or more ESFA's prior approval **must** be obtained. ESFA will refer such transactions to HM Treasury.

Ex gratia payments

Ex gratia payments are another type of transaction going beyond statutory or contractual cover, or administrative rules. Ex gratia transactions **must** always be referred to ESFA for prior approval. HM Treasury approval may also be needed.

Write-offs and entering into liabilities

The academy trust will obtain ESFA's prior approval for the following transactions beyond the delegated limits described below:

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

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

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

trusts that have submitted timely, unqualified accounts for the previous two financial years.

In relation to these limits:

- the trust should always pursue recovery of amounts owed to it, including overpayments, or erroneous payments. In practice, however, there will be practical and legal limits to how cases should be handled
- the trust should only consider writing-off losses after careful appraisal, including whether all reasonable recovery action has been taken with the debtor. Any potential bad debts over the value of £500 will be referred to the Trustees for write off.
- the amounts for write-offs are before successful claims from an insurer or the risk protection arrangement
- total annual income is defined as grant income as disclosed in the trust's last audited accounts. ESFA should be contacted if the trust has not yet published their first audited accounts.

Acquisition and disposal of fixed assets

Academy trusts will obtain prior approval from ESFA for the following transactions:

- acquiring a freehold of land or buildings
- disposing of a freehold of land or buildings
- disposing of heritage assets, as defined in financial reporting standards, beyond any limits in the funding agreement for the disposal of assets generally.

Other than land, buildings and heritage assets, trusts can dispose of other fixed asset without ESFA's approval subject to achieving the best price that can reasonably be obtained, and maintaining the principles of regularity, propriety and value for money.

Leasing

There are two types of lease:

- finance leases: these are a form of borrowing
- operating leases: these are not borrowing

The Trusts will obtain ESFA's prior approval for the following leasing transactions:

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

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

Managing General Annual Grant (GAG)

Managing surplus GAG

ESFA previously set limits on GAG carried forward by trusts from year-to-year. These limits have now been removed for eligible trusts.

Pooling of GAG by MATs and Banking arrangements

The Forest of Dean Trust has elected to retain their own individual school accounts through the financial reporting system to retain accountability.

At the same time, the Trust is progressing towards centralised banking arrangements to maximise the benefits of collective cash balances, including improved interest-earning opportunities through greater banking volumes.

Any interest income generated through these collaborative banking arrangements will be retained within Trust reserves and used to support strategic priorities, school improvement initiatives, and Trust-wide projects.

From September 2026, a Central Services Account has been established to hold the costs associated with the core infrastructure and support teams that deliver services across all schools within the Trust. This account is designated as: as: - The Forest of Dean Trust (Central services).

School's ability to utilize reserves balances

Where a school is required to operate with a deficit budget and does not have sufficient reserves to support its position, it may request access to Trust reserves, subject to the availability of funds. Approval will be dependent upon the submission of a robust business case, including an agreed repayment plan over a specified period. Any such arrangement must be approved by the Trustees, Chief Executive Officer (CEO), Finance Director (FD), and the Headteacher of the relevant school.

Where delays in Department for Education (DfE) funding, or changes to project delivery timescales, result in changes in delivery schedules, the Trust may carry forward the associated funds into the subsequent financial year without the requirement for a separate business case, subject to verification and approval by the Finance Director and reported to the Trustees.

In circumstances where a new initiative or project requires financial support from Trust reserves but is not expected to generate income or support a repayment arrangement, funding requests will be considered by the Trustees on the basis of their strategic value, educational benefit, and overall investment merit. The Trustees may approve an exception to the standard repayment requirements where they determine that the proposal supports the Trust's strategic objectives and provides demonstrable value for pupils and schools.

Gifts

The academy trust has a policy and register on the acceptance of gifts, hospitality, awards, prizes or other benefits that might compromise their judgment or integrity, and ensures all staff, governors, volunteers and other stakeholders of the trust are aware of it.

Borrowing

Academy trusts will obtain ESFA's prior approval for borrowing (including finance leases and

overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, regardless of the interest rate chargeable. Credit cards will only be used for business expenditure, and balances cleared before interest accrues.

The Secretary of State's position is that academy trusts will only be granted permission for borrowing in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes to meet broader policy objectives. For example, the Department's Condition Improvement Fund for capital projects.

Related party transactions

The financial handbook sets out specific guidance for the trustees of the MAT to comply to:

- Trustees comply with their statutory duties as company directors to avoid conflicts of interest, not accept benefits from third parties, and declare interest in proposed transactions or arrangements
- all members, trustees, local governors of academies within a MAT and senior employees complete the register of interests, in accordance with the financial handbook
- no Member, Trustee, local governor, employee or related individual or organisation uses their connection to the trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the trust
- there are no payments to trustees 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. Trusts will need to consider these obligations where payments are made to other business entities who employ the trustee, are owned by the trustee, or in which the trustee holds a controlling interest
- the Charity Commission's approval is obtained where the trust believes a significant advantage exists in paying a trustee for acting as a trustee
- payments provided to the persons referred to in section 5.48 satisfy the 'at cost' requirements in this handbook.

The Forest of Dean Trust (FoDT) is aware of the Charity Commission's guidance for trustees CC11: Trustee expenses and payments.

The board of trustees will ensure requirements for managing related party transactions are applied across the trust. The board chair and the accounting officer will ensure their capacity to control and influence does not conflict with these requirements. They will manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with The 7 principles of public life.

Reporting and approval of related party transactions

The FoDT will report all contracts and other agreements with related parties to ESFA in advance of the contract or agreement commencing, using ESFA's related party on-line form. This requirement applies to all such contracts and agreements made on or after 1 September 2023.

The FoDT will obtain ESFA's prior approval, using ESFA's related party on-line form, for contracts and other agreements for the supply of goods or services to the trust by a related party agreed on or after 1 September 2023 where any of the following limits arise:

- a contract or other agreement exceeding £40,000
- a contract or other agreement of any value that would mean the cumulative value of contracts and other agreements with the related party exceeds, or continues to exceed, £40,000 in the same financial year ending 31 August

For the purposes of reporting to, and approval by, ESFA contracts and agreements 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.

Approval of novel, contentious and/ or repercussive related party transactions

Novel, contentious and or repercussive related party transactions are subject to separate arrangements. Trusts must obtain ESFA prior approval for any costs and other agreements with related parties that are novel, contentious and or repercussive regardless of value.

Approval must be sought through the enquiry for, not through the related party on-line form. Trusts should carefully consider the impact of this requirement and its relevance to transactions involving the board chair and/ or the accounting officer.

Register of interests

The academy trust's register of interests **must** capture relevant business and pecuniary interests of members, trustees, local governors of academies within a MAT and senior employees, including:

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

The register **must** identify relevant material interests from close family relationships between the academy trust's members, trustees or local governors. It **must** also identify relevant material interests arising from close family relationships between those individuals and employees.

Trust should consider whether other interests should be registered, and if in doubt should do so. Boards must keep their register of interests up-to date at all times.

Trusts **must** publish on their websites relevant business and pecuniary interests of members, trustees, local governors and accounting officers. Trusts have discretion over the publication of interests of other individual's names on the register.

At cost requirements

The FoDT **must** pay no more than 'cost' for goods or services provided to it by the following persons ('services' do not include contracts of employment):

- members or trustees of the academy trust
- individuals or organisations related to a member or trustee of the academy trust. For these purposes the following persons are related to a member, or trustee:
    - a relative of the member or trustee. A relative is defined as a close member of the family, or member of the same household, who may be expected to influence, or be

influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner

- an individual or organisation carrying on business in partnership with the member, trustee or a relative of the member or trustee
- a company in which a member or the relative of a member (taken separately or together), and/or a trustee or the relative of a trustee (taken separately or together), holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company
- an organisation controlled by a member or the relative of a member (acting separately or together), and/or a trustee or the relative of a trustee (acting separately or together). For these purposes an organisation is controlled by an individual or organisation if that individual or organisation can secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes
- 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 academy trust; or anybody connected to such individual or organisation.

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

Main Financial Requirements

Financial oversight

The Forest of Dean Trustees will maintain robust oversight of the academy trust.

The Trust will take full responsibility for its financial affairs and use resources efficiently to maximise outcomes for pupils.

Board meetings

The trustee board will meet six times a year in line with the financial handbook requirements.

Scheme of delegation

The Board cannot delegate overall responsibility for the academy trust's funds. However, it will approve a written scheme of delegation of financial powers that maintains robust internal controls.

The Leadership Team of the Trust

Composition as at (01/09/2026)

Chief Executive	Stephen Brady (CEO)
Head teacher Dene Magna	Declan Mooney
Senior Leader Dene Magna	Kellie Beale
Senior Leader Dene Magna	Tom Derrick
Senior Leader Dene Magna	Gemma Meek
Senior Leader Dene Magna	Elizabeth Balmer
Senior Leader Dene Magna	Danielle Hill
Finance Director	Janet Ray (FD)
Head teacher Drybrook School	Tom Henesey
Head teacher Forest View	Ben Lyons
Deputy Headteacher	Jemma Woskett
Assistant Headteacher	Amy Pickett
Assistant Headteacher	Sophie Clowes
Assistant Headteacher/SENCO	Gemma Lyons

Role

The CEO and FD are responsible to the Trustees for:

- ensuring that sound systems of internal control and financial administration are in place that enable the proper processing of the school's transactions and activities
- ensuring that the school properly discharges its responsibilities and successfully obtains best value for the school.

Responsibilities

- To prepare estimates of expenditure and income sufficiently in advance of each financial year to allow for consideration by the trustees.

- To forward details of the approved budget and any subsequent budget changes to the ESFA as required.
- To profile the budget and forecast cash flow to take account of likely spending patterns.
- To provide monthly management accounts to the trustees on spending compared with the approved budget and other monitoring information as requested by the trustees as detailed previously.
- To ensure that where parts of the budget are delegated to a cost centre / departmental level the responsibility for controlling these budgets is matched by the level of accountability (i.e. budget managers are accountable only for items they can directly control.)
- To report to the Trustees any proposals for policy changes which significantly affect the school's expenditure or income budgets.
- To ensure that sound systems of financial control are in place and arrangements made to maintain control in the absence of key staff.
- To maintain and update on an annual basis a register of pecuniary interests for both Trustees and members of staff on behalf of the Trust.

The Finance and Administration team

Composition as at (01/09/2026)

Finance Director	Janet Ray
Governance Professional	Hannah Tufnell
Finance Manager	Coralie Hurst
Finance Officer	Deborah Edwards
Finance Officer	Sarah Williams
Office Manager	Sophie Green – Drybrook Primary
Business Manager	Claire Turley – Forest View

Role

To maintain and develop the school's systems of internal control, and financial administration in order to enable the proper processing of the school's transactions and activities.

Responsibilities

- To assist the Headteacher to prepare estimates of expenditure and income and to maintain relevant budget working papers and records.
- To monitor the cash flow position of the school and report to the Headteacher on a regular basis.
- To assist the Headteacher in providing reports of actual income and expenditure as compared to the approved budget and other monitoring information as requested by the Board of Trustees
- To provide monitoring information to the Headteacher, Leadership Team and cost centre budget holders.
- To prepare and maintain the financial accounts, reports and records of the school in accordance with the ESFA's Financial Framework and the financial standards and procedures required by the Trustees.
- To review the effectiveness of internal control procedures and where necessary make proposals to the Headteacher and Trustees for improvements.

- The Forest of Dean Trust internal scrutiny will be carried out by Bishops Fleming UHY Birmingham as the Responsible Officer for the Trust.

Accounting procedures

The school will maintain accounting records, only allow access by authorised staff and hold all records in a secure place. Segregation of roles will be adhered to for audit compliance. Records will be completed in ink and without correction fluid.

Appropriate signatures will be required on all documentation, or via the auditable e mail system of PSF.

Financial documents will be retained in accordance with the following arrangements:

- To comply with the requirements of both the Inland Revenue and the Department of Social Security it is necessary to keep relevant payroll and other related financial records, for at Least 6 complete financial years plus the current year.
- VAT regulations require that business records must be preserved for 6 years - these are deemed to include invoices, income records, orders, delivery notes, bank statements, paying in slips, annual accounts and relevant business correspondence.
- Contract documents should be retained for 6 years after the contract has expired.

All financial transactions should be traceable from the original documentation to the accounting records and vice versa.

Cost Centre Managers/ Budget Holders

Role

To manage efficiently and effectively, and to be accountable for the resources delegated to them by the Headteacher.

Responsibilities:

- The day-to-day monitoring and control of delegated budgets.
- To ensure goods/services purchased from the delegated budget are in accordance with the schools aims and objectives.
- To ensure goods/services purchased are done so in line with ESFA's Financial Framework and giving due consideration to Best Value.

Basic control principles

The academy trust will have sound internal control, risk management and assurance processes. This should follow a tiered approach comprising:

- clearly communicated procedures, structures and training of staff
- appropriate day to day supervision and checks by management
- internal scrutiny overseen by an audit committee
- external audit and assurance

The control framework will:

- ensure delegated financial authorities are complied with
- maintain appropriate segregation of duties
- co-ordinate the planning and budgeting process
- apply discipline in financial management, including managing debtors, creditors, cash flow and monthly bank reconciliations
- project manage capital projects
- manage and oversee assets
- ensure regularity, propriety and value for money in the organisation's activities
- reduce the risk of fraud and theft
- deliver independent checking of controls, systems, transactions and risks

Financial planning

The Academy Trust will prepare and monitor financial plans to ensure ongoing financial health.

Setting a budget

The board of Trustees, will ensure rigour and scrutiny in budget management.

The board of Trustees will approve a balanced budget, and any significant changes to it, for the financial year to 31 August, which can draw on unspent funds brought forward from previous years. The board will minute its approval.

The board will ensure budget forecasts for the current year and beyond are compiled accurately, based on realistic assumptions including any provision being made to sustain capital assets, and reflect lessons learned from previous years.

The Trustee board scrutinize the pupil projections, especially regarding the Primary Schools and Sixth Form for Dene Magna as they dramatically impact GAG income projections.

The Forest of Dean Trust will review its expenditure periodically and utilise the available tools:

- financial benchmarking
- school resource management self-assessment
- school financial efficiency metrics

Annual Returns/submissions to ESFA

The academy trust will submit to ESFA, in the format specified by ESFA:

- a 3-year budget forecast return by 31 August

These will be approved by the Trustees before submission.
The board of Trustees **must** notify ESFA within 14 calendar days of its meeting if proposing to set a deficit revenue budget for the current financial year, which it cannot address after taking into account unspent funds from previous years.

Monitoring the budget

The trust will prepare management accounts every month setting out its financial performance and position. Trustees will take appropriate action to ensure ongoing viability.

Management accounts will be shared with all of the trustees and Headteachers of the schools every month.

The board will ensure appropriate action is being taken to maintain financial viability including addressing variances between the budget and actual income and expenditure.

The format of management accounts will include an income and expenditure account, variation to budget report, cash flow statement and balance sheet.

The trust have selected key financial performance indicators and measure its performance against them quarterly.

Cash management

The trust will manage its cash position robustly. It may be required to report on its cash position to ESFA where there are concerns about financial management.

Investments

The board of Trustees may invest to further the trust's charitable aims, but will ensure investment risk is properly managed. When considering an investment the board will:

- act within its powers to invest as described in its articles
- have an investment policy to manage and track its financial exposure, and ensure value for money
- exercise care and skill in investment decisions, taking advice as appropriate from a professional adviser
- ensure exposure to investment products is tightly controlled so security of funds takes precedence over revenue maximization
- ensure investment decisions are in the trust's best interests
- review the trust's investments and investment policy regularly

Procurement and spending decisions

The Academy Trust will be able to show that public funds have been used as intended by Parliament.

Procurement basics

The academy trust **must** ensure:

- spending has been for the purpose intended and there is probity in the use of public funds
- spending decisions represent value for money
- internal delegation levels exist and are applied
- a competitive tendering policy is in place and applied, and the Trust complies with the Procurement Act 2023 and the recommended processes and thresholds within.
- professional advice is obtained where appropriate.

Purchasing Procedures

The purchasing for the school will follow the financial internal control systems which are detailed within the appendices.

£2,000-£5,000	Check 3 prices and record
£5,000-£15,000	Written quotations required
£15,000	Written quotations required with CEO, FD and trustee approval

Standard stock items purchased by the school will be reviewed periodically to verify best value. Exceptions have been agreed by Trustees for unique one source suppliers, specifically for exam board expenditure and school trip purchases where 3 quotes are not available.

Service Contracts

Contracts for other services, whether provided either in-house or by private contractors, must be monitored to ensure the actual level of service meets the requirements set out in the contract specification. In line with the financial handbook the DFE procurement standards and recommended and pre approved suppliers for ICT, MIS systems, Energy will be adhered to.

Contract review and tender process

When a contract comes to the end of its term, a new tender specification should be created and appropriate tenders issued to recognised suppliers who wish to bid for the contract.
The contract submissions are then reviewed against the evaluation specification, and the best price sought, exceptions for service and provision will be factored into the review.

Project management

An approved project will hold its own income and expenditure which will be set prior to the project commencing, at periodic intervals the costings will be monitored to ensure compliance by project finish. Any variances should be identified to the Headteacher and a contingency budget allocation sourced.

Should a contract exceed £50,000, the tendering procedures laid down by the ESFA would need to be followed.

In the case of contracts with a value of over £30,000 the flowchart procedure will be followed and the decision to accept approved by the trustees.

Personnel

- All appointments, terminations and salary levels will be formally approved by the Headteachers of the schools
- Appointments and amendments to payroll will only be authorised by the Headteacher of the relevant school (or a nominated deputy in his/her absence) unless the amendment affects the CEO in which case the Chair of Trustees will certify the documents.
- The Headteachers of each school will ensure that all the financial and administrative processes concerning employment in the school are verified.
- Payroll and personnel records will be retained in a secure place for 6 years.

Payroll procedures

- The payroll will be processed each month utilising the Edupay payroll package, complying with HMRC guidance on PAYE and Tax.
- Records will be retained for 6 years as per HMRC guidance.
- Pension returns will be prepared and submitted to the appropriate bodies along with the RTI upload information as required.
- Payroll transactions will be processed through the payroll system; any payments to individuals who have worked for the school on a "one off " or casual basis will always be made through the payroll system. The same applies to additional payments to staff such as travel and subsistence payments, which will be self served via the Edupay app and submitted to the line manager for approval.
- The process for processing payroll and expenses will follow the Edupay flowchart

Setting executive pay

The board of Trustees **must** ensure its decisions about levels of executive pay (including salary and any other benefits) follow a robust evidence-based process and are a reasonable and defensible reflection of the individual's role and responsibilities. No individual can be involved in deciding their remuneration.

The board **must** discharge its responsibilities effectively, ensuring its approach to pay and benefits is transparent, proportionate and justifiable, including:

- process - that the procedure for determining executive pay and benefits, and keeping them proportionate, is agreed by the board in advance and documented
- independence - decisions about executive pay and benefits reflect independent and objective scrutiny by the board and that conflicts of interest are avoided
- robust decision-making - factors in determining pay and benefits are clear, including whether educational and financial performance considerations, and the degree of challenge in the role, have been taken into account

    - proportionality – pay and benefits represent good value for money and are defensible relative to the public sector market
    - commercial interests - ensuring the board is sighted on broader business interests held by senior executives, and is satisfied that any payments made by the trust to executives in relation to such interests do not undermine the transparency requirements for disclosing pay in accordance with the Academies Accounts Direction

- documentation - the rationale behind the decision-making process, including whether the level of pay and benefits reflects value for money, is recorded and retained
- a basic presumption that executive pay and benefits should not increase at a faster rate than that of teachers, in individual years and over the longer term
- understanding that inappropriate pay and benefits can be challenged by ESFA, particularly in instances of poor financial management of the trust.

The trust will consider with future growth and staff numbers the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017

Income generation

- The academy trust will set fees for its chargeable services at full cost.
- The Trustees with recommendations from the Headteachers, CEO and FD will establish a charging policy for the supply of goods and services by the school.
- The FD is responsible to the CEO for accounting for all income due and cash collected as set out in the charging policy.
- The charging policy will be reviewed annually by the Trustees to ensure that levels of charges fall in line with school policy and at least cover the cost of the service provision.
- As expected through good practise where invoices are required they will be issued promptly by the Finance Manager; where possible the school will obtain money in advance of supplying goods or services to improve the school's cash flow and avoid the time and cost of administering debts.
- Bad debts in excess of £500 will only be written off with the formal minute approval of the Trustees. Bad debts up to £500 can be written off with approval of the Headteacher, CEO and FD.
- The finance staff will issue receipts for cash collected except where formal records (e.g. class sales book) are maintained (cheques or on line payments are system recorded as received). Where a receipt is not given there will be a signature of discharge whenever cash changes hands. All receipts, vouchers and other income records will be securely retained. Personal cheques will not be cashed.
- The accounting and debtor records will be properly and promptly updated and all income and VAT due to the school identified. Cash collected will be receipted and banked as soon as possible. Cash held on school premises will be kept to a minimum and in a locked safe or cabinet.
- Cash income will be kept separate from petty cash, community income and school private fund money. All income since Academy conversion is included in the school annual accounts as a whole, which is accounted for in the consolidated accounts of the Trust.
- The process for dealing with trip income is detailed within the internal flow charts.
- Staff and Trustees will not use their personal bank accounts or the school private fund account for any payment or receipt relating to the school's budget.

Banking Arrangements

- The CEO delegates to the FD who is responsible on behalf of the Trustees for ensuring that the school complies with the requirements of the ESFA regarding the bank accounts.
- Bank reconciliation will be completed by the Finance Manager and Business Manager on a monthly basis to prove that balances are correct and to provide assurance that the underlying accounts of the school have been properly compiled and are accurate.
- The FD and BM will certify the monthly bank reconciliations having checked these to the supporting documentation. Bank statements and the finance system PSF bank reconciliation

reports will be initialed by the Head of the relevant school to demonstrate such checks have been undertaken.

- The FD will review its banking arrangements annually and document as such to ensure they provide the best value for money whilst generating interest from funding whenever possible.
- The signatories for the Trust will be reviewed and maintained as required.
- The school's cash flow will be monitored regularly by the FD and Finance Manager to ensure that the school's account does not go overdrawn; the cash flow information will also be used to identify funds surplus to immediate requirements that can be invested to optimal effect.

Petty Cash

- Following the guidance from the school's financial handbook, the CEO is authorised to decide what amounts of petty cash are held in the school and by whom.
    - The person holding the cash must sign to accept responsibility for it, the CEO will be responsible for the total amount in each school. The FD will ensure that the cash sums held are covered by insurance and for security reasons do not exceed £300 in each school.
    - Claims are now processed electronically and re-imbursed direct to the employee via BACS without the physical need for cash to be exchanged.

Business Charge Card

- The school's credit card will only be used by authorised card signatories.
    - Dene Magna – FD
    - Dene Magna - Headteacher
    - Forest View – BM
    - Forest View – Headteacher
    - Forest View – Deputy Head
- Expenditure and invoice documentation will be retained for monthly reconciliation with HSBC and LLoyds business statements.

Fuel Cards

- To reduce the need for cash transactions, fuel cards for the Academy Trusts vehicles based at Dene Magna school have been introduced, these are assigned by vehicle registration for security.
- Only designated staff authorised to drive the minibuses can utilise the cards.
- All receipts and documentation is retained for monthly reconciliation.

Risk management

Risk register

The Forest Of Dean Trust manages its risks to ensure its effective operation and do maintain a risk register.

The risk protection arrangement

The Trust holds commercial insurance to include buildings and contents, business continuity, employers' and public liability insurance and other cover required.

The insurance is currently held with Zurich Insurance.

The Risk Register and policy has been reviewed and audited externally, the register is formally reviewed three times a year by the risk register members and an action plan devised to address any areas of risk, this process is managed by the ARC committee.

Security of Stock and Other Property

Tangible Fixed Assets

Assets costing £1000 or £500 in the case of ICT equipment, are considered for capitalisation as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of Financial Activities and carried forward in the Balance sheet.

Depreciation

Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund, over the useful economic life of the related asset.

Donated assets are valued either by an external value or by management based on their best estimate of the market value of these items.

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

Furniture and fitting	20%	Straight line over 5 years
Computer equipment	20%	Straight line over 5 years
Motor vehicles	20%	Straight line over 5 years
Freehold buildings	2%	Straight line over 50 years
Modular buildings	5%	Straight line over 20 years
Building improvements	5%	Straight line over 20 years

Assets in the course of construction are included at cost.

Depreciation on these assets is not charged until they are brought into use.

Impairment

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of fixed assets and their recoverable amounts are recognised as impairments.

Impairment losses are recognised in the Statement of Financial Activities.

- The CEO is responsible to the Trustees for the safe custody and control of cash and property belonging to the school.
- An inventory is maintained of all valuable and portable items on the Parago system (this

covers the insurance replacement aspects), assets of financial value are also detailed within the PSF financial system, with details of make, model, serial number and purchase value. A documented check of the inventory is undertaken annually against actual items by the auditors. Items with a purchase value of over £500 that are missing will be reported to the CEO/FD who will include it in its reports to the Trustees.

- Items will be recorded in the inventory promptly (i.e. at the point of purchase). The inventory will have sufficient detail to identify individual assets (i.e. make, model, serial no., location etc).
- A register will be maintained by the school of items taken off the school premises. All such loans of equipment should be authorised by the FD / BM and entered in the register, the register being noted upon return of each item with details of dates and signatures. The return of loan items will be countersigned by a second person.
- Obsolete items/lost items or items damaged beyond repair to be written off or items to be sold will be reported to the FD or headteachers for approval and then clearly recorded in the inventory records, with disposal forms retained.

Whistleblowing

Having a procedure

The Forest of Dean Trust has a procedure for whistleblowing, to protect staff who report individuals they believe are doing something wrong or illegal.

The Trustees have agreed the whistleblowing procedure.

Informing staff

The trust will ensure all staff are aware of the whistleblowing process, and how concerns will be managed.

Staff should know what protection is available to them if they report someone, what areas of malpractice or wrongdoing are covered in the trust's whistleblowing procedure, and who they can approach to report a concern.

The trust **must** ensure all concerns raised with them by whistleblowers are responded to properly and fairly.

Being transparent about your governance

The trust will be transparent with its governance arrangements.

The trust will provide details of its governance arrangements in the governance statement published with its annual accounts, including what the board has delegated to committees and, in MATs, to local governing bodies. The trust **must** also publish on its website up-to-date details of its governance arrangements in a readily accessible format, including:

- the structure and remit of the members, board of trustees, committees and local governing bodies (the trust's scheme of delegation for governance functions), and the full names of the chair of each
- for each member serving at any point over the past 12 months, their full names, date of appointment, date they stepped down (where applicable), and relevant business and

pecuniary interests including governance roles in other educational institutions

- for each trustee and local governor serving at any point over the past 12 months, their full names, date of appointment, term of office, date they stepped down (where applicable), who appointed them, and relevant business and pecuniary interests including governance roles in other educational institutions. If the accounting officer is not a trustee their business and pecuniary interests must still be published.
- for each trustee their attendance records at board and committee meetings over the last academic year
- for each local governor their attendance records at local governing body meetings over the last academic year.

Provision of information

General information requests

The academy trust will provide to the ESFA, or its agents, information the ESFA requires to meet funding requirements.

The trust will notify ESFA of changes to the governance information described in this section within 14 calendar days of the change.

Notification will be through the governance section of DfE's Get information about schools (GIAS) register, accessed via DfE Sign-in.

The records required in GIAS for the trust are:

- Members
- Chair of Trustees
- all other Trustees
- Accounting Officer
- Finance Director

The records required in GIAS for constituent academies in a multi-academy trust are:

- Headteacher(CEO), including direct contact details
- Chairs of local governing bodies (where adopted), including direct contact details
- Local governors (where adopted)

Failure to provide information

If the trust does not return the information ESFA requires by the deadline, or the information is not acceptable quality, ESFA may conduct investigations to collect it. ESFA may deduct the cost of the investigations from the trust's recurrent funding. ESFA may take further actions it deems necessary, such as publication of the names of late returners, to enforce compliance where trusts fail to fulfil their duties to provide information.

Internal scrutiny

The need for academy trusts to conduct checks to ensure systems are effective and compliant.

Purpose of internal scrutiny

The Forest of Dean Trust has appointed Bishops Fleming as the internal auditor who provides independent assurance to the board that its financial and others controls, and risk management procedures, are operating effectively.

Internal scrutiny will focus on:

- **evaluating** the suitability of, and level of compliance with, financial and other controls. This includes assessing whether procedures are designed effectively and efficiently, and checking transactions to confirm whether agreed procedures have been followed
- **offering advice and insight** to the board on how to address weaknesses in financial and other controls, acting as a catalyst for improvement, but without diluting management's responsibility for day to day running of the trust
- **ensuring all categories of risk** are being adequately identified, reported and managed.
-

The trust will identify on a risk-basis (with reference to its risk register) the areas it will review each year, modifying its checks accordingly, and has recently had the risk register reviewed for compliance.

Working with other assurance providers

Internal scrutiny should take account of output from other assurance procedures to inform the programme of work. For example, it should have regard to recommendations from the trust's external auditors as described in their management letter, and from relevant reviews undertaken by ESFA.

Independence and objectivity

Independence in internal scrutiny **must** be achieved by establishing appropriate reporting lines whereby those carrying out checks report directly to a committee of the board, which in turn provides assurance to the trustees.

In MATs, the committee's oversight **must** extend to the financial and other controls and risks at constituent academies.

Delivering internal scrutiny

Principles

Internal scrutiny **must**:

- be independent and objective – This is currently provided by Bishops Fleming for 2023-25
- be covered by a scheme of work, and informed by risk
- be timely, with the programme of work spread appropriately over the year so higher risk areas are reviewed in good time
- include regular updates to the audit committee by the person or organisation carrying out the programme of work, incorporating:
    - a report of the work to each trustee meeting, including recommendations where appropriate to enhance financial and other controls and risk management
    - a short annual summary report to the trustees for each year ended 31 August outlining the areas reviewed, key findings, recommendations and conclusions, to help the trustees consider actions and assess year on year progress.

The trust will submit its annual summary report of the areas reviewed, key findings, recommendations and conclusions to the organisation carrying out the programme of work to ESFA by 31 December each year when it submits its audited annual accounts. The trust will also provide ESFA with any other internal scrutiny reports if requested.

Annual accounts and external audit

Preparation and audit of accounts

The Forest of Dean Trust will ensure and maintain adequate accounting records and prepare an annual report and accounts in line with the Charity Commission's Statement of Recommended Practice (SORP) and ESFA's Accounts Direction.

The accounts will be audited.

The accounting period of an academy trust will end on 31 August as described in its funding agreement.

The audited accounts will be:

- submitted to ESFA by 31 December
- published on the trust's website by 31 January
- filed with Companies House under company law, usually by 31 May
- provided to every member (under the Companies Act)
- provided to anyone who requests a copy

External auditors

Appointment of external auditors

Under the Companies Act 2006, the Forest of Dean Trust will appoint an auditor to certify the annual accounts present a true and fair view of the trust's financial performance and position.

The audit contract will be in writing. This letter of engagement **must** only cover the external audit. If additional services are purchased, a separate letter of engagement **must** be obtained specifying the work and the fee.

Removal of external auditors

The board of trustees will notify ESFA immediately of the removal or resignation of the auditors. For removal, the trust **must** notify ESFA of the reasons. For resignation, the trust **must** copy to ESFA an explanation from the auditors. A change in auditor at the expiry of their agreed term of office does not require notification to ESFA.

Group auditors and sector account

Academy trusts' auditors will be required by DfE to audit certain information, and this requirement should be incorporated within the terms of engagement.

The NAO must reach an opinion on regularity for ESFA's own accounts, and for this will draw on the regularity opinions of trusts' auditors.

Review of regularity

Accounting officer's statement

The accounting officer's (CEO) statement on regularity, propriety and compliance will be included in the academy trust's annual accounts. This is a declaration by the accounting officer that they have met their responsibilities to Parliament for the resources under their control during the year. It includes responsibility to ensure:

- efficient and effective use of resources (value for money)
- public money is spent for the purposes intended by Parliament (regularity)
- appropriate standards of conduct, behaviour and corporate governance are maintained (propriety)

Auditor's review of regularity

A review of the accounting officer's statement will be included within the remit of academy trusts' external auditors. The auditor's conclusions on regularity will be addressed jointly to the trust and ESFA.

Reserves and Investment Statement

Aims

This aims are to ensure that:

- The academy trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the Academies Financial Handbook
- The trust's funds are used in a way that commands broad public support
- Value for money (economy, efficiency and effectiveness) is achieved
- Trustees fulfil their duties and responsibilities as charitable trustees and company directors
- The reserves of the Trust will be split into two areas:-
    - Working Capital reserves £850k (sufficient to cover a month's payroll cost)
    - Operational reserves

Legislation and guidance

The Academies Financial Handbook states that academy trusts are required to have an investment statement to:

- Manage, control and track their financial exposure
- Ensure value for money

This statement is based on the Academies Financial Handbook and guidance from The Charity Commission.

This statement also complies with our funding agreement and articles of association.

Roles and responsibilities

Academy trustees

Academy trustees will ensure that investment risk is properly managed. When considering whether to make an investment, trustees will:

- Act within their powers to invest, as set out in our articles of association
- Exercise caution in all investments, reducing risk and ensuring that the trust acts with the utmost integrity
- Take investment advice from a professional adviser, as appropriate
- Ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximization
- Ensure that all investment decisions are in the best interests of the trust and command broad public support
- Trustees will seek prior approval from the Education and Skills Funding Agency for investment transactions that are novel or contentious.
  Novel transactions are those of which the academy trust has no experience, or are outside the range of normal business activity for the trust.
  Contentious transactions are those which might give rise to criticism of the trust by Parliament, the public, and the media.

Investment principles

- We only invest funds in low risk and easily-accessible accounts.
- Risk is managed through diversification of investments, ensuring that the security of funds takes precedence over revenue maximization.
- Funds will only be placed with banking institutions that are regulated by the Financial Conduct Authority and with good credit ratings.

Procedures

The following people are authorised to approve such transactions:

- Mr Stephen Brady – CEO
- Mrs Janet Ray – FD
- Chair of Trustees
- Chair of Members

Before any funds are invested, the 2 authorised signatories will sign to indicate they agree to the investment. An investment authorization form can be found in appendix 1.

The following information will be recorded about investments:

- Date
- Amount and description of the investment
- Length of investment
- Interest rates/expected return

The FD will review interest rates and compare them with other investment opportunities annually. Cash flow and current account balances will be monitored regularly by the FD to ensure immediate financial commitments can be met and that the current account has adequate balances to meet forthcoming commitments.

When there are funds surplus to immediate cash requirements in the current account, we will transfer these to an account with a higher interest rate.

Investments will normally be for a fixed term that does not exceed one year, unless there is a clear rationale for longer-term investment that would benefit the trust.

Funds, and any interest earned on those funds, will be automatically reinvested unless money is required for immediate or anticipated expenditure.

Monitoring arrangements

The FD monitors the implementation of this section of the statement.

This statement of intent will be reviewed and approved by the academy trustees in line with the finance policy of the Trust.

Appendix 1: investment authorization form

DATE INVESTMENT MADE		DURATION OF INVESTMENT	
AMOUNT			
INTEREST RATE		EXPECTED RETURN	
DESCRIPTION OF INVESTMENT			
DETAILS OF WHERE THE INVESTMENT IS HELD			

Central Services Recharge Statement

Background

The purpose of this statement is to operate within the finance policy for the MAT and is to ensure that The Forest of Dean Trust maintains and develops systems of financial control, which conform to the requirements both of propriety and of good financial management, as set out within the Academies financial handbook.

The statement establishes a mechanism for defining, calculating and approving whole trust central costs and to ensure consistency in the accounting and application of all recharge activities.

This policy relates to the Trust and its constituent schools which are currently:

- Dene Magna School
- Drybrook Primary School
- Forest View Primary School

Recharge Definition

A recharge is defined as the cost charged to an individual school for specific central services provided by FODT.

Recharges move expenses between individual schools without increasing the total costs for the Trust.

Reasonable and Allowable costs

Costs to be recharged must be:

- Reasonable, both in type and amount
- Necessary to provide the services to the schools
- Adhere to the procedures for Trust procurement
- Adhere to 'Value for Money' principles
- Recorded in sufficient detail to enable an audit trail and rationale for each cost.

Allowable costs include:

- Leadership staff time
- Administration, site and premises staff costs
- Learning improvement and educational support
- Office and administrative support, which will cover:
    - Finance packages
    - Insurance
    - HR services
    - Payroll processing
    - Pension administration and audit
    - Marketing
    - Budgeting software

Professional services and support costs bought in will include:

- Financial Audit
- Companies House return
- LGPS Valuation
- Legal work

Recharge

The recharge value has been reviewed as we move to the central services set up and is not detailed at a specific % .

The staff that previously sat in specific schools have now transferred to the Central team where the costs are processed on a monthly basis.

The recharge value from the three schools cover this overhead to ensure that the Central team for the FODT continues to provide the appropriate level of service on a cost neutral basis.

This will be reviewed at each point of expansion for the MAT