

Terms of Reference for the Finance portfolio of the Board of Trustees of the United Schools Trust

Agreed at meeting of the Trust Board on 18 September 2023. **Finance Portfolio is Ed Brett, deputy Jane Collings**

Review date September 2024

These terms of reference should be reviewed annually by the Board and when there are any changes to the Board's membership.

The trust board responsibilities for finance and resources including staff.

The board has responsibility for 'Overseeing the financial performance of the school and making sure its money is well spent' (Governance Handbook). They should do this by making sure they have at least one trustee with specific skills and experience of financial matters, and by asking questions such as:

- Are we allocating our resources in line with our strategic priorities?
- Are we making full use of all our assets and efficient use of all our financial resources?
- Are other schools buying things cheaper or getting better results with less spending per pupil?
- How can we get better value for money from our budget?
- Do we have the right staff and the right development and reward arrangements?
- What is the school's approach to implementation of pay reform and performance related pay? If appropriate, is it compliant with the most up to date version of the School Teachers' Pay and Conditions Document?

Many trustees may not be familiar with looking at and understanding data. There is a large volume of data available. It is essential that every board have at least one trustee with the skills to understand and interpret the full detail of the financial data available. These individuals should make sure that the wider board has an accurate understanding of the school's finances. They should identify from the data the issues that most need to be discussed. Other trustees should learn from them and undertake any available training opportunities to improve their confidence and skills in looking at data.

The board recognises that it is accountable for the way in which resources are used and it is committed to carrying out this responsibility honestly, transparently and with integrity. The portfolio holder has delegated responsibility from the trust board to fulfil the responsibilities of the trust board as specifically itemised below. The portfolio holder will operate in accordance with the Academies Financial Handbook to maintain effective arrangements for the efficient deployment of school resources.

Best Value

The board will ensure the principles of Best Value are followed when making decisions. The principles of best value are:

- Challenge – why, how and by whom an activity is carried out;
- Compare – performance against other schools and between parts of each school;
- Consult – involving stakeholders, especially pupils and parents;
- Compete – as a means of securing efficient and effective services.

Matters of Urgency

These may be dealt with by the chair of the board and Principal and reported to the next meeting of the full board.

Delegation

The board may use its powers to delegate functions and decisions to individual trustees. It is the overall board, however, that in all cases remains accountable in law and to Ofsted for the exercise of its functions. (Governance Handbook.)

Levels of Delegation - Decision or Recommendation

D = **decision** to be taken by the portfolio holder and reported to the full trust board in the minutes.

R = the portfolio holder to make a **recommendation** to the full trust board, who will make the decision.

*Note from The Governance Consultancy Team: The level of delegated decision making given to a portfolio holder needs to be agreed by the full board. Full delegation (within legal requirements) is suggested within these terms of reference, but you may wish to set different levels with the portfolio holder making more recommendations and fewer decisions. Whatever you decide, make sure there is no duplication between the work of the portfolio holder and the full board. **All delegated decisions must be reported to the full board through notes from the portfolio holder.***

Portfolio holders will undertake appropriate training in order to fully understand their role including, where possible and appropriate, joining relevant staff training to keep updated.

Finance Portfolio

Financial Policies and Documents delegated to this portfolio:

- Charging and Remissions Policy (Statutory)
- Governor Allowances / Expenses Policy (Statutory)
- Finance Policy (Statutory) – recommendations to be taken to the board for approval
- Academies Self-Assessment Tool (Statutory) (Academy schools)
- Risk Register (Academy schools)

<p>In consultation with the principal and CFO and taking into consideration:</p> <ul style="list-style-type: none"> • available resources • sustainability of commitments • the school improvement plan (or school development plan) • forecast pupil numbers • anticipated contractual liabilities • other relevant factors <p>the portfolio holder to scrutinise the formal budget plan(s) for the financial year and make recommendations to the full board for its approval.</p>	R
Academy schools – to ensure trustees are meeting the right standards to achieve a good level of financial health and resource management, in line with the school resource management self-assessment tool .	D
To ensure the establishment and maintenance of an up to date 3 - 5 year financial plan, ensuring that current data is used to inform the 3 year plan.	D
To monitor budgets for all funds under the boards' control, including virement decisions, at least half-termly, monitor that appropriate action is being taken to maintain financial viability and report significant variances from the anticipated position to the board.	D
<p>To establish/recommend as appropriate policies (to include recommended levels of delegation) to the Trust Board. This will include a:</p> <ul style="list-style-type: none"> • Finance Policy • Charging and Remissions Policy • Governor/Trustee Allowances / Expenses Policy 	R D D
To ensure the continued knowledge and understanding of trustees in respect of the Schools Funding Consultation held in the Autumn term and to provide an agreed response to the consultation.	D
To monitor expenditure of any voluntary funds kept on behalf of the trust board and ensure the annual audit of these funds.	D
To make decisions in respect of service level agreements and service contracts	D
To consider and approve non routine expenditure (not provided within the School Improvement Plan) in accordance with the Finance Policy including recommendations from other portfolio holders.	D
To monitor statistics, performance indicators and key ratios and other non-financial data affecting budgets, directing action as appropriate.	D
To receive audit reports and refer key issues to the trust board. Direct the response to such reports and ensure such reports are appropriately acted upon.	D

To undertake financial benchmarking, alert the trust board to any best value implications and make recommendations to the full board for best practice. https://schools-financial-benchmarking.service.gov.uk/	D
To monitor the proper allocation of pupil premium, sports funding, CiC funding, Year 7 Catch Up allocation and report to the full trust board.	D
To ensure an appropriate Risk Register is maintained. Review and monitor the register to ensure the board is made aware of the potential financial impact of identified risks	D
To monitor school purchasing to ensure that conflicts of interests are identified and in academy schools that any related party transactions are appropriately managed and reported to / authorised by the ESFA as required (could be Audit Committee)	D
To review pupil numbers and implications on the budget, including the number of pupils eligible for Free School Meals	D
To identify levels of surplus (deficit) balances at end of financial year, recommend plans for use (recovery). To approve / recommend the writing off of irrecoverable debts, up to delegated limit, and the disposal of surplus and damaged equipment.	R
To review procurement strategies and efficiency savings programme	D
To liaise with the Premises Portfolio trustee and the SLT to review the School Emergency Management Plan / Business Continuity Plan (financial aspects)	D
To ensure that an appropriate register of business interests is maintained by the clerk for everyone involved in governance and the school has a similar record for those involved in the finances of the school at a senior level. Ensure that a summary of relevant business interests is published on the school website to meet statutory obligations. In academy schools ensure that an appropriate Persons of Significant Control (PSC) register is created and maintained.	D
To monitor that appropriate levels of insurance are in place.	D
In academy schools ensure that the letters from the accounting officer of the Education and Skills Funding Agency (ESFA) are considered and brought to the attention of the board.	R