THE GOOD SHEPHERD
Multi Academy Trust
DECEMBER 2014

Paper 5 – Finance

Legal basis

1. Funding for each academy is based on a supplementary funding agreement with the Secretary of State that will confirm the funding that is allocated to the Trust for each academy.
2. Funding for each academy is equal to the funding already allocated by the County Council, a small amount from the County Council centrally held de-delegated budget and Education Support Grant (ESG)
3. The Trust has discretion as to how funding is allocated to each academy.
4. Academies can appeal to the Secretary of State if they disagree with the amount retained by the Trust.
5. There will be one set of accounts for the Trust that includes all the academies and it is the Trust that has direct accountability to the Secretary of State not the individual academies.
6. School budgets, and therefore any deficits, are agreed by the Trust and not the Secretary of State.
7. There will be one bank account for the Trust and one finance system that all academies will use.
8. See paper 11 for Capital Funding.

Key principles

1. There will be transparency and openness in the way funding is allocated.
2. Academies will know what the overall funding allocation is. There will be a retention held back for services delivered from the centre and for the operation of the Trust (see Paper 6 – Procurement & central service). This will be agreed every year in consultation with all academies in the Trust.
3. Because there is one set of company accounts there only needs to be one AGM and associated bureaucracy rather than every academy having to do their own and employ accountants for this purpose, etc. There will be a consistent approach to external and internal audit arrangements within each academy in the Trust.
4. It is anticipated that the Trust will operate on the basis of a minimum of zero budget impact on the school initially, and will strive to introduce savings and economies of scale that longer term have a positive impact. The zero budget impact will be achieved through a combination of using the additional ESG funding and charging through the retention for identified core central services. If further service provision is developed, in consultation with schools, over and above the core central functions of HR and payroll, finance, and health and safety, then a proportional increase in the retention could be implemented to cover the additional cost.
5. For academies that are not good or outstanding, additional funding could be withheld in accordance with the Scheme of Delegation to enable academies, for example, to focus on school effectiveness or to enable the directors to fund initiatives to move the academy forward.
6. There will be no cross-subsidy across individual academies e.g. to ‘pay off’ another academy’s deficit. This means the individual academies will maintain their surplus and deficit positions, they will not be amalgamated.
7. There could be more flexibility in terms of surplus and deficits than reporting directly to the Secretary of State. There are a number of factors that will impact on this and academies will need to justify their proposals.
8. Academies that have a deficit at the point of conversion will be required as part of the due diligence process to have a deficit management plan that will have to be agreed by the directors.
9. All academies will have their budget approved by the directors and report termly. The Scheme of Delegation will outline other reporting requirements.
10. The Trust anticipates providing financial support for budget monitoring which will include use of existing expertise in academies.
11. Separate school trusts and money obtained through fund-raising will be ring-fenced for the schools concerned.
12. In order to be prudent and financially adept it is intended that the Trust will develop a contingency fund. This will be managed and developed in an open and transparent way with clear policy guidelines on what it can be used for and how individual academies can benefit from it.