

# PRESTON HEDGES ACADEMY TRUST

## Finance Committee Terms of Reference

### 1. Purpose

Preston Hedges Academy Trust (PHAT) delegates responsibility for the financial management of the Trust to the Finance committee.

### 2. Composition

The Finance committee will comprise:

- 2 Trust nominated Trustees (excluding CEO & Chair of Trust)
- Chair of Trust
- CEO (Accounting Officer)
- Finance Director
- 2 Principals of Trust Schools
- 4 Trust nominated members

The quorum for the Finance committee is 3 members, 2 of which must be Trustees (excluding the CEO)

### 3. Responsibilities

A detailed set of accountabilities and responsibilities across Preston Hedges Academy Trust is contained within the Scheme of Delegation. The Finance committee will meet a minimum of three times during the course of the Academic year.

The Finance committee shall:

#### Objectives

- a) Fulfil its responsibilities as set out in these Terms of Reference in line with the Trust Funding Agreement, Articles of Association, Scheme of Delegation, Academies Financial Handbook, and the Trust finance policies.
- b) Review and agree financial regulations and policies relating to Finance as delegated by the Board of Trustees
- c) Review and monitor level of reserves. Consider the School contribution of GAG reserves and School held reserves as part of the Reserves Policy. Make recommendations to the Board of Trustees for approval of loans from Reserves.
- d) Set and review financial objectives considering the strategic plan for the Trust, including financial implications and capacity for Trust growth.
- e) Receive reports from the Audit committee and action where required.

## **Budget**

- f) Review and analyse the draft annual 3-year budget plan, making recommendations for change where required, to meet the strategic objectives and financial sustainability of the Trust, and statutory obligations to the DFE.
- g) In consultation with the CEO, Finance Director, and School Principals, recommend to the Board of Trustees, the 3-year budget plan.
- h) Consider the budget position termly including virement decisions and to report significant anomalies on the anticipated position to the Board of Trustees.
- i) Establish and maintain an up to date 3-year strategic financial plan.
- j) Consider a medium/long term plan to inform and address the recovery of budget deficit if applicable.

## **Reporting**

- k) Monitor and review the management accounts for Trust Schools, Central Fund and Trust consolidated accounts. Consider income and expenditure against the formally approved budget and financial forecasts to ensure financial objectives and stability are met.
- l) Consider any proposed actions required to address any adverse/favorable variances in the management accounts to the budget plan.
- m) Report regularly to the Board of Trustees development at School and Trust level.

## **Efficiency & Best Value**

- n) Review DFE benchmarking data including 'School Resource Management Self-Assessment' and 'Schools Financial Benchmarking' on an annual basis to provide analysis of best value across the Trust
- o) Establish and analyse Key Performance Indicators (KPI's) and Curriculum Led Financial Planning (CFP) metrics, to maximise financial efficiency across the Trust.
- p) Monitor the deployment of non-financial resources, including personnel and property, with a view to advising the Board of Trustees on the effectiveness of such resources, considering KPI's and CFP metrics.
- q) Review procurement activity to ensure Value for Money and make recommendations to the Board of Trustees, where individual procurement exceeds £20,000.
- r) Review service level agreements, contracts and insurance (buildings and public liability) and make decisions on unallocated funds following recommendations from Trust delegated committees or Local Governing Bodies.