



**Gippeswyk Community
Educational Trust**

ACHIEVING SUCCESS TOGETHER

This Policy has been adopted and approved by Gippeswyk Community Educational Trust and is to be used by all members of the Trust.

TRUST CENTRAL COST RECHARGE POLICY	
Approved by GCET	19.07.2019
Date of next Review	Summer Term 2019 – 2020 (<i>Reviewed Annually</i>)
Responsible Officer	Trust CFO – Mrs T Goodchild
Policy Number	TF11

1 Background

- 1.1 The purpose of this policy and associated procedures is to ensure that the Gippeswyk Community Educational Trust ("the Trust") maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the Trust's Funding Agreement with the Department for Education (DfE).
- 1.2 The policy 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.
- 1.3 This policy relates to the Trust and all of its academies. Adherence to the principles and procedures contained in this policy is mandatory for all staff.
- 1.4 This policy is designed to be consistent with:
 - ESFA Financial Handbook
 - Trust Articles of Association / Constitution
 - Master and Supplemental Funding Agreements
 - HM Treasury's "Regularity, Propriety and Value for Money".
- 1.5 This policy is an appendix to the main Trust Finance Policy.

2 Recharge Definition

2.1 A recharge is defined as 'the cost charged to an individual academy for specific central services provided by the Gippeswyk Community Educational Trust.

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

3 Reasonable and Allowable Costs

3.1 Costs to be recharged must be:

- Reasonable, in both type and amount
- Necessary to provide services to the academies
- Adhere to the procedure set out in the Trust procurement policy
- Adhere to 'Value for Money' principles
- Of clear benefit to the individual academies
- Recorded in sufficient detail to enable academies to easily follow the rationale and calculation for each cost.

3.2 Allowable costs include:

- Management
- Administration staff
- Staff indirect expenses
- Learning improvement and educational support
- Office and administration support
- Professional services and support costs
- Premises costs
- Identifiable 'one-off' costs
- Infrastructure development costs
- Capital costs

4 Budget Setting

4.1 A management fee proforma will be prepared by the Trust Chief Finance Officer ("CFO") as part of the academic year's budget setting process.

4.2 The proforma will incorporate a schedule of central service costs and the apportionment of each cost between individual academies.

4.3 The Trust Board will approve a schedule of central service costs and the apportionment of costs between individual academies.

4.4 Local School Governing Bodies will receive a copy for information.

5 Method of Apportionment

5.1 Apportionment is the basis on which costs are charged between academies within the Trust. Various methods of apportionment may be applied to the recharge, or elements thereof, in any one year.

5.2 The Trust CFO will propose the appropriate method or methods of apportioning central service costs between individual academies for approval by the Trust Board.

5.3 The Trust Board will review and approve the methods of apportionment annually.

6 Recharges

- 6.1 Recharges will be made monthly in arrears.
- 6.2 Recharges each month will be equivalent to one twelfth of the annual approved management fee for each academy.
- 6.3 Where additional costs are incurred during the year, a revised forecast of central services costs will be prepared for approval by the Trust Board, and the monthly recharges to academies will be adjusted to reflect the revised forecast.

7 Monitoring

- 7.1 The Trust Board will receive a monthly report of the budget position.
- 7.2 An adjustment will be made at the end of each financial year to reflect the individual academies' proportion of the full year projected cost less the monthly payments made, and a correcting charge or credit will be processed as appropriate.

8. Appeals Mechanism

- 8.1 In order to comply with the Academies financial handbook 3.10.6 the Trust must have in place an appeals mechanism in relation to the funding allocation to an individual academy. If any constituent academy considers that it has been unfairly treated in relation to its funding allocation the procedure below must be followed:
 - Appeal in writing to the CFO explaining the reasons why the academy considers it has been unfairly treated
 - The CFO will respond in writing within fifteen working days
 - If the academy remains dissatisfied they should appeal to the Trust Board, addressing the correspondence to the chair of the Trust Board
 - The Trust Board will consider the appeal and respond in writing within fifteen working days
 - If the academy remains dissatisfied an appeal should be made to the ESFA, whose decision is final.

9 Disclosure

- 9.1 In order to comply with the ESFA Accounts Direction, the Trust must disclose in its annual financial statements details of any central charges made to its constituent academies. The note must describe:
 - The types of central services provided by the Trust
 - The policy used to apportion the charges
 - The actual charges made to the academies during the year

10 Policy Review

- 10.1 This policy will be reviewed at least annually or immediately following a change to the structure of the Trust.
- 10.2 Any changes to the structure of the Trust will require a review of central trust costs and apportionments.
- 10.3 Any proposed changes, whether mid-year or at the annual review, are subject to the review and approval process described above.