



CENTRAL COST RECHARGE POLICY

Approved by the Audit & Finance Committee

07.12.23

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I. BACKGROUND

The purpose of this policy and associated procedures is to ensure that Discovery Multi Academy Trust (“the Trust”) maintains and develops systems of financial control which conform to the requirements of both propriety and good financial management. It is essential that these systems operate properly to meet the requirements of the Trust’s Funding Agreement with the Education & Skills Funding Agency (ESFA).

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.

This policy relates to the Trust and its academies. Adherence to the principles and procedures contained in this policy is mandatory for all staff.

This policy is designed to be consistent with the ESFA Academy Trust Handbook.

This policy is an appendix to the main Trust Finance Policy.

2. RECHARGE DEFINITION

A recharge is defined as “the cost charged to an individual academy for specific central services provided by Discovery Multi Academy Trust”.

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

3. REASONABLE AND ALLOWABLE COSTS

Costs to be recharged must be:

- Reasonable, in both type and amount
- Necessary to provide services to the academies
- Adhere to ‘Value for Money’ principles
- Of clear benefit to the individual academies
- Recorded in sufficient enough detail to enable academies to easily follow the rationale and calculation for each cost

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

A central draft three-year budget plan will be prepared by the Chief Finance Officer (CFO) based on known costs at the time of preparation as part of the annual budget setting process.

The draft budget will incorporate anticipated costs for central services together with information regarding the apportionment of these costs between individual academies.

The Trust Board will approve the draft central service costs budget and the apportionment of costs between individual academies.

Local Advisory Boards will receive a copy for information.

5. METHOD OF APPORTIONMENT

Apportionment is the basis on which costs are charged between all settings in the Trust.

The Trust's Chief Executive Officer (CEO) will propose that apportionment is based on actual pupil numbers as at the autumn term school census date on an annual basis when recharging ongoing central service costs between individual academies for approval by the Trust Board.

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

6. RECHARGES

Recharges between the academies and the Trust will be charged in two payments – September to March and April to August.

As the Trust is operating a single bank account across all academies, there will be no physical payment of recharges.

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 recharge to the academies will be adjusted to reflect the revised forecast.

7. MONITORING

The Trust Board will receive a monthly report of the budget position of central service costs to date, together with a revised forecast of the full year annual recharge.

This report will be shared with Local Advisory Board for information.

8. DISCLOSURE

To comply with the ESFA Accounts Direction, the Trust must disclose in its annual financial statements, details of any central recharges made to its constituent academies.

9. POLICY REVIEW

This policy will be reviewed at least bi-annually or immediately following a change to the structure of the Trust.

Any changes to the structure of the Trust will require a review of central Trust costs and apportionments.

Any proposed changes, whether mid-year or at the bi-annual review, are subject to the review and approval process described above.