HART LEARNING GROUP
FINANCIAL REGULATIONS

APRIL 2026

Approved by the Finance Committee 16 April 2026

For review: 31 July 2027

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SCHEDULE OF AMENDMENTS

For recording amendments made in-year.

DATE AMENDED	DETAILS OF AMENDMENT
02/09/20	Addition of footnote to clause 146: *"Where an individual holds more than one role (for example, as a school headteacher (146.1) and as the HST MD (146.2)) the higher of the two waiver approval levels shall apply in all cases of waiver."* This is because at the time of writing, the Hart Schools Trust Managing Director also holds the role of Headteacher for the Thomas Alleyne Academy.
02/10/20	Clause 26: Alteration of title of the Quality & Innovation Committee to "Quality and Curriculum Committee" following decision by that Committee in July 2020.
02/10/20	Clause 136.4 addition of "and/or Trust" to phrase previously referring only to the College "undertaken by the College *and/or Trust*". Change made at request of HST Audit Committee.
02/10/20	Clause 138: Deleted 'College' from phrase 'College Orders' to make clear that the Purchase Order process applied to both College and Trust. Change made at request of HST Audit Committee.
29/07/21	New clauses 120 to 123 inserted following recommendation from HST Internal Audit Report detailing requirements for considering and approving the write-off of bad debts: "120. Debt can be written off where there is little chance of these debts being recovered. 121. Debts outstanding for more than 90 days will be considered for write off by monthly report to the Group Finance Director/Chief Financial Officer. 122. Before write off can be approved, evidence must be provided to show appropriate actions have been taken to recover the debt such as phone calls, letters or emails. 123. Use of debt collection agencies or legal action will only be considered in exceptional circumstances and must be authorised in writing by the CEO or Managing Director. 123.1 Debts of less than £1,000 can be written off the Head Teacher of the relevant school to which the debt is owed. 123.2 Debts of between £1,001 and £2,000 can be written off by the CEO or Managing Director (where the Head and MD is the same person, the higher role will take precedence).

<table>
<tr><td></td><td>123.3 Debts of more than £2,001 will be reported to the Trust Board and will require their specific minuted approval before they can be written off.

123.4 Debtors who have not made payment will so far as this is possible be prevented from using the Trust's services.

124. A report will be made to the Board at least twice annually showing all the debts written-off or proposed for write-off during the period since the previous report."</td></tr>
<tr><td>29/07/21</td><td>Amendments to the section dealing with procurement made to (a) remove references to EU requirements and replace them with UK requirements; and (b) to ensure that the higher threshold for tendering Works contracts is included.

"142. Budget Holders are responsible to the Group FD for:

142.1. Advising and assisting departments where required on specific departmental procurement.

142.2. Developing appropriate standing supply arrangements to assist in meeting their value for money obligations;

142.3. Vetting all orders above £10,000 (including VAT) before they leave the College. Please refer to Delegated Authority Limits schedule.

142.4. The drafting and negotiation of all large-scale purchase contracts (generally in excess of £50,000 including VAT) undertaken by the College and/or Trust, in collaboration with the responsible department.

142.5. Ensuring compliance with UK Government ~~and EU~~ regulations on public purchasing policy.

143. To ensure best value is achieved the following quotes and tenders are required:

<table>
<tr><th>CONTRACT VALUE</th><th>NUMBER OF QUOTES</th></tr>
<tr><td>Less than £5,000 (including VAT).</td><td>1 (normally in writing).</td></tr>
<tr><td>Greater than £5,000 but less than £20,000 or £800 to £1,600 per month (including VAT).</td><td>2 (in writing)</td></tr>
<tr><td>Greater than £20,000 but less than £100,000 (including VAT).</td><td>3 (in writing)</td></tr>
</table>
</td></tr>
</table>

	Greater than £100,000 but less than the value defined by the ~~EU directive~~UK's public procurement thresholds set out below	A public tender process inviting at least six to participate, or a public advertisement unless using a compliant procurement framework (see para 142)
	Under the Public Contracts Regulations 2015 and valid from 1 January 2021: Works: £4,733,252; Goods and services: £189,330. 'Light-touch regime': £663,540. Under the Utilities Contracts Regulations 2016: Works: £4,733,252; Supplies and services: £378,660. Under the Concession Contracts Regulations 2016: £4,733,252. ~~EU directive threshold (valid from 1 January 2018):~~ ~~Supplies - £181,302~~ ~~Services – £181,302~~ ~~Works – £4,551,413~~ ~~Small lots, supplies & services - £66,630~~ ~~Small lots – Works - £820,370~~	Requires tendering process compliant with ~~the EU directives~~UK regulations (see para 139 et seq) unless using a compliant procurement framework (see para 142)

Note: Limits above apply to a whole contract over its entire length.

Purchase Orders

144. Official Orders must be placed for the purchase of all goods and services, except for those made using company credit cards or petty cash.

145. In exceptional circumstances, a member of the Senior Management Team may grant approval in writing (eg by email or

text message) for an order to be made orally, but such Orders must be confirmed by an official Purchase Order not later than the following working day.

Government and EU procurement directives

146. The Group FD is responsible for ensuring compliance with legal obligations concerning procurement legislation. Government regulations~~and EU procurement directives~~ apply to contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding particular thresholds.

147. The Group FD will advise Budget Holders on the thresholds that are currently in operation as and when they change. A breach by the Group of these ~~EU directives~~regulations is actionable by a supplier or potential supplier: The Group may be liable for fines and the courts may impose a cancellation of contracts awarded without a compliant process.

148. It is the responsibility of Budget Holders to ensure that they and their members of staff comply with procurement regulations and directives by notifying the Group FD of any purchase, or consolidated purchases, that is/are likely to exceed the thresholds. This will need to be done well in advance in order to permit a compliant procurement process to take place. Further information on procurement regulations and directives can be found here: https://www.gov.uk/guidance/public-sector-procurement~~https://tinyurl.com/HLG-procurement~~.

149. Where possible and when it is likely to result in achievement of the Group's procurement objectives, then for procurement over Government ~~and EU~~ public procurement thresholds procurement should be undertaken using existing public procurement frameworks. The Group is registered to use such frameworks of three different organisations:

149.1. The Crown Commercial Service: over 80 frameworks for services, goods and supplies https://tinyurl.com/HLG-crown-commercial-service

149.2. Eastern Shires Purchasing Organisation: over 140 frameworks for services, goods and supplies https://tinyurl.com/HLG-ESPO

149.3. Crescent Purchasing Consortium: over 50 frameworks specifically designed for further education and schools https://tinyurl.com/HLG-CPC

150. The Group FD is also required to submit annually to the Group Board details on expenditure that has exceeded the thresholds. Copies of the relevant documentation falling into this category must be provided by Budget Holders to the Group FD.

	Waivers 151. If the number of tenders cannot be achieved then a waiver may be sought from Group FD or Group CEO under the following circumstances: 151.1. The product or service is available only from one supplier or source; 151.2. The order is for repairs or improvement to an existing product or system, and can only be awarded to the original supplier of that product or system; 151.3. The product is proprietary and sold only at fixed prices; 151.4. The product is required so urgently that there is no time to seek more than one quotation; 151.5. Other (specified) special circumstances make it undesirable to seek alternative quotations. 152. The waiver approval levels are as follows[1]: 152.1. Up to £20,000 – Director / Headteacher 152.2. Up to £100,000 - Group FD/Principal/HST MD. 152.3. Up to £250,000 - Group CEO or HST MD. 152.4. Over £250,000 - Group Board or Trust Board 153. Waivers over £25,000 will be reported to the Audit Committee annually.
13/07/22	Addition to the section dealing with procurement to address an Internal Audit recommendation made by the Hart Schools Trust's auditors to make specific reference to criteria for judging procurement bids and weightings given to different factors including cost and quality criteria. 143.1. In order to support the demonstration of value for money in procurement, tender assessment measures will be included in all tender processes for procurements valued at more than £10,000. 143.2. Tender documents for such processes must include assessment criteria which cover as a minimum cost and quality measures by which the bids will be assessed. Other criteria relevant to the procurement including but not limited to the timescale for the project; the ability to integrate with

[1] Where an individual holds more than one role (for example, as a school headteacher (150.1) and as the HST MD (150.2)) the higher of the two waiver approval levels shall apply in all cases of waiver.

<table>
<tr><td></td><td>existing systems and processes; post implementation support; customer satisfaction may also be selected.

143.3. Assessment criteria chosen must be relevant to the procurement and weightings given to them must be specified in advance and included in tender documents.

143.4. Weightings for cost and quality criteria will never be less than 25% each in any procurement</td></tr>
<tr><td>13/07/22</td><td>This amendment has been made following a review of the depreciation period for PC and laptop or similar equipment. Historically, this has been written off over three years, but in practice, the useful life of the equipment is longer than this and writing off over 5 years now seems more appropriate.

<table>
<tr><th>CATEGORY</th><th>DESCRIPTION / NOTES</th><th>ESTIMATED USEFUL LIFE IN YEARS</th></tr>
<tr><td>Laptop personal computers</td><td>Laptop personal computers and all computer peripherals.</td><td>5</td></tr>
<tr><td>Desktop personal computers</td><td>Desktop personal computers.</td><td>7</td></tr>
<tr><td>Data processing equipment - hardware</td><td>Server room equipment including: Servers, switches, backup hardware, web-filters, UPS and air con.</td><td>7</td></tr>
</table>
</td></tr>
<tr><td>26/10/23</td><td>New paragraph 6A to highlight (a) compliance with Managing Public Money etc guidance; and (b) precedence over Financial Regulations of such guidance where there is disagreement.

“6A. On 22 November 2022, the Office for National Statistics (ONS) reclassified Further Education Institutions as public sector bodies (previously they had been considered private sector bodies). This had the effect of requiring adherence to Public Sector regulations and guidance including HM Treasury’s Managing Public Money and associated documents such as the Bite-size Guidance subsequently produced for the sector by the Department for Education (DfE). These Financial Regulations take account where appropriate of such guidance and principles, and where there is any conflict between them, the approach taken in Managing Public Money or related guidance will prevail.”</td></tr>
<tr><td>26/10/23</td><td>The addition of reference to guidance that these Regulations are intended to ensure are complied with to paragraph 12.4:

“Ensuring that the Group complies with all relevant legislation and guidance including the prevailing edition of Managing Public Money</td></tr>
</table>

26/10/23	The addition of a restriction on the power to deviate from the provisions of these Regulations in exceptional circumstances to paragraph 15: "15. In exceptional circumstances, the Chair of the Finance Committee may authorise a departure from the detailed provisions herein, such departure to be reported to the Group Board and / or Hart Schools Trust Board at the earliest opportunity, provided that such authorisation is consistent with the prevailing edition of Managing Public Money."
26/10/23	An addition to the 'Definitions' section, referring to Managing Public Money and defining it as the prevailing edition. **'Managing Public Money'** means the prevailing edition (at the time of writing, this being the May 2023 edition) of this guidance produced by HM Treasury
26/10/23	Adding reference to the Post 16 Audit Code of Practice for completeness to paragraph 71: 71. The financial statements are prepared in accordance with the *Statement of Recommended Practice Accounting for Further and Higher Education* and the *Post-16 Audit Code of Practice (ACoP)*, or the relevant *Academies Accounts Direction*, subject to any specific requirements of the Funding Body, and in accordance with the provisions of the Companies Act 2006, if that is appropriate
26/10/23	A new paragraph 92A to reflect the requirement to report significant cases of fraud to the ESFA: "92A. Any actual or suspected fraud whose value exceeds £10,000 (or less than £10,000 if the fraud has unusual, novel, complex features or there may be public interest) must also be reported to the ESFA."
26/10/23	Additions to paragraph 93 to highlight the obligation to have regard to HM Treasury and related guidance" "93. It is a requirement of the financial memorandum that the Group Board is responsible for delivering value for money from public funds. It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by HM Treasury, the Funding Body, the National Audit Office, the Public Accounts Committee or other relevant bodies including but not limited to Managing Public Money and associated guidance."
26/10/23	Deletion of previous paragraph 97 and insertion of new text relating to borrowing powers: "97. As a Public Sector organisation, the Group is only permitted to borrow from commercial banks with the prior written permission of HM Treasury, and on terms which are better than could be obtained from the government. This is because such borrowing is almost

	always more expensive than relying on the government's credit rating. Any expenditure financed by such borrowing without explicit Treasury consent would be considered irregular."
26/10/23	New paragraphs 124A and 124B concerning write-offs: "124A. Colleges have delegated authority to write-off amounts up to certain individual and cumulative limits. Beyond these limits, write-offs and losses must be referred to DfE for approval in advance. DfE consent to a write-off is only required if: (a) the write-off exceeds 1% of annual income or £45k individually (whichever is smaller), or (b) the write-off takes the college's cumulative total write-offs for the academic year beyond 5% of its annual income or £250k (whichever is the smaller). 124B. For these purposes, the calculation is based on the budgeted total income for the current year as approved by the Group Board.
26/10/23	Paragraph 179 amended to read: "179. All appointments and salaries outside the Trust must be approved by a member of College SMT, as delegated by the Group CEO. Any variations to contracts or new posts outside of financial authorisation limits will be approved by the Group CEO. All letters of appointment must be issued by Human Resources and only once approval has been granted."
26/10/23	A paragraph concerning the control of senior remuneration: "181A. In making decisions on senior remuneration, the Remuneration Committee will abide by the guidance published by HM Treasury in the prevailing edition of "Guidance for approval of senior pay: senior pay controls process"."
27/10/23	Addition of paragraph 0 concerning the process for approving the Financial Regulations and the limitation of approval to the relevant organization. APPROVAL OF THESE REGULATIONS 0.These Financial Regulations shall be subject to annual review and shall as far as possible be presented to the Finance Committee of the Hart Learning Group and to the Audit & Risk Committee of the Hart Schools Trust for consideration prior to the start of the academic year to which they relate. Approval of the Regulations by these bodies when granted shall only apply to the legal entity of whose governance they are part (ie approval by the Finance Committee is effective only for the Hart Learning Group) and shall

	not be deemed to have any effect or to indicate approval for the other legal entity.
16/06/25	Throughout: Replacement of the title 'Managing Director' or 'MD' by 'Chief Executive Officer' or 'CEO' and any necessary contextualisation. Replacement of references to previous payroll provider (Midland HR) with current payroll provider (Liberata).
16/06/25	Throughout: Updating of terminology and references to the Education and Skills Funding Agency, Post-16 Audit Code of Practice and other regulatory guidance now replaced by different documents.
16/06/25	Paragraphs 2.1 and 5. Deleted as no longer relevant the subsidiary referred to having been wound up.
16/06/25	DEFINITIONS: Include additional definitions for Trust Chief Financial Officer (CFO) and Department for Education, and for the Payroll Provider. Remove references to the Post-16 ACoP and replace with references to the separate Frameworks and Guides for Auditors issued by DfE for Colleges and Academies.
16/06/25	Paragraph 32A: New paragraph and sub-paragraphs to clarify that the Trust CFO has the same duties and responsibilities for the Trust as the Group FD has for the College. 32A. The CFO is the Trust's Designate for financial administration, and is responsible to the Trust Board as directed by the Trust CEO for: 32A.1 Preparing annual capital and revenue budgets and financial plans; 32A.2 Preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations; 32A.3 Preparing the Group's annual accounts and other financial statements and accounts which the Group is required to submit to other authorities; 32A.4 Ensuring that the Group maintains satisfactory financial systems; 32A.5 Providing professional advice on all matters relating to financial policies and procedures;

<table>
<tr><td></td><td>32A.6 Day-to-day liaison with internal and external auditors in order to achieve efficient processes.</td></tr>
<tr><td>16/06/25</td><td>New paragraph 135.3: Addition of paragraph concerning the CEO, Trust CEO or other Senior Post-holder wishing to undertake outside consultancy or other paid work (in line with the FE Commissioner's guidance following the Weston College Investigation Report).

135.3.If the Group CEO, Trust CEO or other Senior Post-holder wish to undertake outside consultancy or other paid work, approval must be sought in advance from the relevant Board notwithstanding any existing contractual provisions with the information identified in paragraphs 135.2.1 to 135.2.5 being provided as part of the application.</td></tr>
<tr><td>16/06/25</td><td>Paragraph 137.4: Updating Government Department names.</td></tr>
<tr><td>16/06/25</td><td>Paragraph 143: Amendment to reflect the provisions of Schedule 1 of the Procurement Act 2023 which update procurement thresholds.

<table>
<tr><td>Under Schedule 1 of the Procurement Act 2023, and valid from 1 January 2024 to 31 December 2025, inclusive of VAT.

Utility works contract</td><td>£5,372,609</td></tr>
<tr><td>Utility contract that is not a works contract, a defence and security contract or a light touch contract</td><td>£429,809</td></tr>
<tr><td>Concession works and services contract</td><td>£5,372,609</td></tr>
<tr><td>Works contract</td><td>£5,372,609</td></tr>
<tr><td>Contract for the supply of goods or services (which may be mixed contracts that contain some works elements) to a central government authority not within any other row</td><td>£139,688</td></tr>
<tr><td>Contract for the supply of goods or services (which may be mixed contracts that contain some works elements) to a sub-central government authority not within any other row</td><td>£214,904</td></tr>
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<tr><td></td><td>
<table>
<tr><td>Thresholds for contracts under the Light Touch regime are as follows:</td><td></td></tr>
<tr><td>Light touch utilities contract</td><td>£884,720</td></tr>
<tr><td>Light touch concession contract</td><td>£5,372,609 (1 January 2024 to 31 December 2025)</td></tr>
<tr><td>All other light touch contracts</td><td>£663,540</td></tr>
</table>
</td></tr>
<tr><td>16/06/25</td><td>Paragraphs 181A, 181B and 181C: Incorporation of guidance relating to the remuneration of the Group CEO and other senior post-holders following the publication of the Weston College Investigation Report and accompanying re-numbering.

181. Salaries and other benefits for senior management other than Senior Post-holders will be determined by the Group CEO.

181A. The Remuneration Committee is responsible for recommending the financial package of the Group CEO to the full Group Board for approval. For the avoidance of doubt, the recommendation to the Board must show the total remuneration expressed in monetary figures, and including all bonuses and ancillary payments.

181B. The Remuneration Committee is responsible for recommending the remuneration of senior post-holders other than the Group CEO to the full Group Board for approval. For the avoidance of doubt, the recommendation to the Board must show the total remuneration expressed in monetary figures, and including all bonuses and ancillary payments.

181C. In making decisions on senior remuneration, the Remuneration Committee will abide by the guidance published by HM Treasury in the prevailing edition of “Guidance for approval of senior pay: senior pay controls process”.</td></tr>
<tr><td>16/06/25</td><td>Addition to paragraph 201: To clarify that consideration may need to be given to seeking DfE and HM Treasury approval for certain severance payments in line with the provisions of Managing Public Money.</td></tr>
<tr><td>16/06/25</td><td>New paragraph 205A: To clarify that the Trust CFO holds the same responsibilities and duties in respect of the Trust’s assets as the Group FD does for the College’s assets.</td></tr>
</table>

16/06/25	New paragraphs 203A and 203B: To clarify that Confidentiality clauses or non-disclosure agreements (NDAs) should not normally be used in respect of severance or compromise agreements and that a standard Cabinet Office clause must be used to ensure that recipients understand their rights and obligations where such a clause is necessary. "203A. For the avoidance of doubt, Confidentiality clauses should not be included in settlement agreements as a matter of course. Where inclusion of a Confidentiality clause is appropriate, the agreement must include an express provision clarifying the employee's rights under the Public Interest Disclosure Act (PIDA). 203B. This express provision should adopt standard wording provided by the Cabinet Office (available in "*Cabinet Office Guidance on Settlement Agreements, Special Severance Payments on Termination of Employment and Confidentiality Clauses*"."
20/02/26	Updated Table of Contents to add more information about sections to make searching easier.
20/02/26	Added Annex B setting out the basis for VAT treatment for reference.
31/03/26	Removed references to the Hart Schools Trust to reflect the merger with the Chiltern Learning Trust and the consequent disappearance of the sponsorship link with North Hertfordshire College.

SECTION A: GENERAL PROVISIONS

APPROVAL OF THESE REGULATIONS

0. These Financial Regulations shall be subject to annual review and shall as far as possible be presented to the Finance Committee of the Hart Learning Group for consideration prior to the start of the academic year to which they relate.

CONTEXT

1. The Hart Learning Group ('the Group'), which is the trading name for North Hertfordshire College Further Education Corporation, consists of and trades as two business units, supported by a single corporate spine:

   1.1. North Hertfordshire College, a general further education college with campuses in Stevenage and Hitchin.

   1.2. Hart Employment Services Ltd, a business which acts as an employment vehicle for non-teaching staff working for the Group.

2. In addition, the Group has:

   2.1. A shareholding in a business which until 31 July 2019 operated three colleges in the Kingdom of Saudi Arabia – HERTVEC.

3. North Hertfordshire College Further Education Corporation is a Statutory Corporation established under the Further and Higher Education Act 1992. It is an Exempt Charity under Schedule 3, para 7 of the Charities Act 2011 operating in England and Wales. Consequently, it does not have a Companies House registration number or a Charity Commission registration number. Exempt charities, although subject to general Charity Law, are not directly regulated by the Charity Commission but by a Principal Regulator. Its Principal Regulator under the Charities Act 2011 is the Secretary of State for Education.

4. Hart Employment Services Ltd is a Company limited by shares, registered at Companies House (registered number 02884833). It is a wholly-owned subsidiary of North Hertfordshire College Further Education Corporation.

5. Not used.

6. Not used.

6A. On 22 November 2022, the Office for National Statistics (ONS) reclassified Further Education Institutions as public sector bodies (previously they had been considered private sector bodies). This had the effect of requiring adherence to Public Sector regulations and guidance including HM Treasury's *Managing Public Money* and associated documents such as the Bite-size Guidance subsequently produced for the sector by the Department for Education (DfE). These Financial Regulations take account where appropriate of such guidance and principles, and where there is any conflict between them, the approach taken in *Managing Public Money* or related guidance will prevail.

THE ROLE OF THE GROUP BOARD

7. The North Hertfordshire College Further Education Corporation Board operates as the Group Board for these entities, under the banner of the Hart Learning Group. Its

governance structure is set out in the Instrument and Articles of Government most recently adopted by the Group Board on 7th September 2015.

8. Not used.

9. These Financial Regulations prescribe the Group's overall system of financial accountability and control. The accountabilities of the Group Board are delineated throughout the document; the role of the Accounting Officer and Audit Committee are likewise prescribed throughout these Regulations – through reference to the 'Accounting Officer' and 'Audit Committee(s)'.

STATUS OF FINANCIAL REGULATIONS

10. This document sets out the Group's financial regulations and was initially approved by the Group Finance Committee on 2 July 2020 and reviewed approximately annually thereafter. It applies to all entities in the Group.

11. These financial regulations are subordinate to the Instrument and Articles of the members of the Group and to any restrictions contained within the relevant financial memorandum with the Funding Body and the Funding Body's audit code of practice.

12. The purpose of these financial regulations is to provide control over the totality of the Group's resources and provide management with assurances that resources are being properly applied for the achievement of the Group's strategic plans and objectives:

    12.1. Financial viability;

    12.2. Achieving value for money;

    12.3. Fulfilling its responsibility for the provision of effective financial controls over the use of public funds;

    12.4. Ensuring that the Group complies with all relevant legislation and guidance including the prevailing edition of Managing Public Money;

    12.5. Safeguarding Group assets.

13. Compliance with the financial regulations is compulsory for all staff connected with the Group. A member of staff who fails to comply with the financial regulations may be subject to disciplinary action under the Group's disciplinary policy. The Group Board will be notified of any material breach through the Audit Committee. Budget Holders are responsible for ensuring that their staff are made aware of the existence and content of the Group's financial regulations.

14. The Group Finance Committee is responsible for maintaining a continuous review of the Financial Regulations, through the Group Chief Executive Officer (Group CEO), Group Finance Director (Group FD) and for advising the Group Board any additions or changes necessary and appropriate.

15. In exceptional circumstances, the Chair of the Finance Committee may authorise a departure from the detailed provisions herein, such departure to be reported to the Group Board at the earliest opportunity, provided that such authorisation is consistent with the prevailing edition of Managing Public Money.

DEFINITIONS

‘Accounts’ refers to both Financial Statements and Management Accounts and any other financial return required to be made to Companies House, the DfE, the Office for Students (OfS) or any other Funding Body.

The **‘Act’** means the Charities Act 2011.

The **‘Audit Committee’** means the body established by the Group Board (to provide it with assurance on and oversight of audit and risk issues. The committee has no executive responsibility.

‘Auditors’ carry out an independent and objective check on a test basis that the transactions and financial affairs of the subject are materially correct and give a true and fair view. This term includes Internal and External auditors.

‘Budget Holder’ means a person responsible for the budgetary control of a defined portion of revenue or expenditure.

‘Budget’ means an amount of money a person / body manages and includes annual revenue income, annual revenue expenditure and annual capital expenditure and any formal revisions to the budget. It also includes a cash flow forecast where relevant.

‘Capital’ means expenditure on items that will be used over more than one year to achieve the objectives of the Group e.g. buildings, equipment and fixtures.

The **‘Group CEO (CEO)’** is the Chief Executive of the Group.

The **‘Company Secretary’** means the Secretary to the Group Board (if different).

‘Code’ means the current *Framework and Guide for auditors and reporting accountants of colleges* issued by DfE which sets out the mandatory audit requirements to be adopted by the Group Board.

‘Commitment’ means expenditure for which a purchase order has been issued.

‘Department for Education (DfE)’ means the government department that regulates the activities of Further Education Colleges.

‘Expenditure’ means invoices from suppliers, cash and credit card payments, journals for internal recharges.

‘External Auditors’ means people who audit the Annual Report and Financial Statements and records.

‘Finance Committee’ means the body established by the Group Board for the purpose of providing the Group Board with assurance on financial planning and performance.

‘Financial memorandum’ means the agreement between the Funding Body and the relevant member of the Group that sets out the terms and conditions on which grant is made. These conditions include the requirement to adhere to the Funding Body’s Audit Code of Practice which requires the group entities to have sound systems of financial and management control.

‘Financial Statements’ are the statutory annual financial statements.

‘Funding Auditors’ means people who carry out an audit, on behalf of the DfE or other regulators, of student statistics and financial funding claims.

‘Funding Body’ means the Education and Skills Funding Agency and/or the Department for Education or its successor organisations.

‘Group Board’ means the North Hertfordshire College Further Education Corporation Board.

‘Group’ means the Group of entities which comprise the Hart Learning Group; that is, North Hertfordshire College and its subsidiary companies (Hart Employment Services Ltd)

‘Hart L&D’ or **‘Hart Learning & Development’** means the brand under which the Group delivers training services for adults including apprenticeship provision.

‘HEFCE’ means the Higher Education Funding Council in England.

‘HR’ means the Group Human Resources team, which provides HR services to the Group.

‘Income’ means grants receivable, invoices to customers, cash income and journals for internal recharges.

The **‘Instrument and Articles’** means:

- the Instrument and Articles of Government of North Hertfordshire College Further Education Corporation, its predecessors and successor documents, which define the objects of the Corporation, the membership and responsibilities of the members of the Corporation (Group Board) and senior staff and how they shall conduct its business; or

‘Internal Auditors’ means people contracted by and responsible to the Group who carry out audits in accordance with HM Treasury guidance (Government Internal Audit Standards Manual), charged with verifying that the internal systems of governance, risk management and financial controls are working effectively.

‘Management Accounts’ are the monthly financial reports used for internal accounting and reporting purposes.

‘Managing Public Money’ means the prevailing edition (at the time of writing, this being the May 2023 edition) of this guidance produced by HM Treasury.

The **‘Memorandum’** means either the current Financial Memorandum or the National Funding Agreement between the DfE and the Group which regulates their financial relationship.

‘MIS’ refers to the Management Information Systems.

‘Non-Pay’ refers to revenue expenditure for goods and services excluding staff costs.

‘OfS’ means the Office for Students which took over responsibility for overseeing Higher Education under the Higher Education and Research Act 2017.

The **‘Chief Operating Officer**, **‘Executive Directors’**, **‘Directors’**, **‘Head of’** and **‘Company Secretary’** shall refer to the post holder, an equivalent role or any other person responsible for these duties.

‘Payroll Provider’ means the currently contracted outsourced service provider.

‘Requisition’ means a request to raise a purchase order through the Group’s procurement system.

‘Regulations’ mean the Financial Regulations set out in this document or their predecessors when they were current.

‘Revenue’ means day–to-day items of income and expenditure which are not capital in nature.

The **‘Standing Orders’** means the rules defined by the Group Board and used by it to conduct its business.

‘Student’ means all students, apprenticeship and other learners studying on courses provided by the Group and any subsidiaries.

‘Virement’ is the movement of budget amounts between headings or between Budget Holders.

SECTION B: CORPORATE GOVERNANCE

THE GROUP BOARD

16. The Group Board is responsible for ensuring that the management and administration of the Group is undertaken effectively and efficiently. Its financial responsibilities are to:

16.1. Ensure the solvency of the Group and safeguard the Group's assets;

16.2. Appoint, grade, suspend, dismiss and determine the pay and conditions of service of the Group CEO and senior postholders;

16.3. Approve a framework for pay and conditions of service of all staff;

16.4. Ensure that financial, planning and other management controls, including controls against fraud and theft, applied by the Group are appropriate and sufficient to safeguard public funds;

16.5. Approve the appointment of external auditors and an internal audit service;

16.6. Secure the efficient, economical and effective management of all the Group's resources and expenditure, capital assets and equipment, and staff, so that the investment of public funds in the Group is not put at risk;

16.7. Ensure that appropriate financial considerations are taken into account at all stages in reaching decisions and in their execution;

16.8. Plan and conduct its financial and academic affairs so that its total income is not less than sufficient, taking one year with another, to meet its total expenditure;

16.9. Approve an annual budget before the start of each financial year;

16.10. Determine tuition fees for learners in NHC and Hart L&D;

16.11. Ensure that the Group complies with the relevant audit code of practice;

16.12. Approve the Group's strategic plans;

16.13. Approve the annual financial statements.

17. Not used.

ACCOUNTING OFFICERS

18. The Group CEO is the Group's designated Accounting Officer for NHC, and Hart Employment Services Ltd and is responsible for ensuring the financial administration of the Group's affairs is conducted in accordance with the financial memorandum with the Funding Body. As the Accounting Officer, the Group CEO may be required to justify the Group's financial conduct to the Public Accounts Committee at the House of Commons.

19. In particular, the articles of government 3.(2).(e) charge the CEO with responsibility:

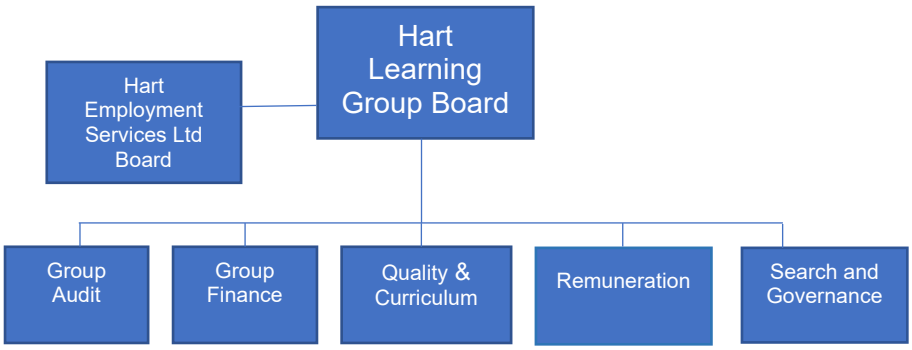
"...for preparing annual estimates of income and expenditure, for consideration and approval by the governing body, and for the management of budget and resources, within the estimates approved by the governing body."

20. The Group CEO shall demonstrate his or her oversight of financial matters by signing the balance sheet and statement of corporate governance within the annual financial statements, and the three-year financial forecasts submitted to the Funding Body.

21. Not used.

22. Not used.

GOVERNANCE DIAGRAM



Legal entity – North Hertfordshire College Further Education Corporation

COMMITTEE STRUCTURE

23. The Group Board has ultimate responsibility for the Group's finances, but delegates specific powers and processes to the committees described in paragraphs 25 – 29 below. These bodies are accountable to the Group Board. Full terms of reference for each of the committees are available from the Company Secretary or the Open Archive section on the Group's website – www.nhc.ac.uk.

24. Not used.

Group Audit Committee

25. Colleges are required by their financial memorandum with the Funding Body and by the Funding Body's audit code of practice to appoint an audit committee. The Group Audit Committee is independent, advisory and reports to the Group Board. It has the right of access to obtain all the information it considers necessary and to consult directly with the internal and external auditors. Its purpose is to advise the Group Board on the adequacy and effectiveness of the system of internal control and its arrangements for risk management, control and governance processes. The audit requirements of the Group are set out in the Funding Body's audit code of practice.

Quality & Curriculum Committee

26. The Quality & Curriculum Committee is responsible for monitoring the quality of teaching and learning delivered to learners across the Group, and for advising and providing assurance to the Group Board about the rigour and robustness of performance management and quality assurance mechanisms.

Finance Committee

27. The Finance Committee is responsible for advising the Board in respect of financial strategy and funding plans which are compatible with the Board's duty to ensure the sustainability and solvency of the college.

Remuneration Committee

28. The Remuneration Committee is empowered to set a reward framework for the Group CEO and senior postholders (if any) including any arrangements relating to performance, and to approve a framework for reward for staff across the Group.

Search and Governance Committee

29. The Search Committee is responsible for keeping under review requirements for the appointment or reappointment of governors and changes in the number and composition of the Group Board and making recommendations thereon to the Group Board. It also maintains oversight of Board performance and development.

30. Not used.

31. Not used.

OTHER SENIOR MANAGERS WITH FINANCIAL RESPONSIBILITY

The Group Finance Director

32. The Group SMT Designate for financial administration is the Group FD, who is responsible to the Group Board as directed by the Group CEO for:

32.1. Preparing annual capital and revenue budgets and financial plans;

32.2. Preparing accounts, management information, monitoring and control of expenditure against budgets and all financial operations;

32.3. Preparing the Group's annual accounts and other financial statements and accounts which the Group is required to submit to other authorities;

32.4. Ensuring that the Group maintains satisfactory financial systems;

32.5. Providing professional advice on all matters relating to financial policies and procedures;

32.6. Day-to-day liaison with internal and external auditors in order to achieve efficient processes.

32A. Not used

Budget Holders

33. Budget Holders are responsible to the Group CEO for the financial management of the areas or activities which they control. Budget Holders have the ability to delegate this authority by agreement with the Group FD. They are advised by the Group FD in executing their financial duties. The Group FD will also supervise and approve the financial systems operating within their departments, including the form in which accounts and financial records are kept. Budget Holders are responsible for

establishing and maintaining clear lines of responsibility within their areas of responsibility for all financial matters.

34. Budget Holders shall provide the Group FD with such information as may be required to enable:

34.1. Compilation of monthly management accounts;

34.2. Compilation of the Group's financial statements;

34.3. Preparation of detailed financial and business plans;

34.4. Effective audits, value for money and other financial reviews.

All members of staff

35. All members of staff should be aware and have a general responsibility for the security of the Group's property, for avoiding loss and for due economy in the use of resources.

36. They should ensure that they are aware of the Group's financial authority limits and the values of purchases for which quotations and tenders are required. They shall make available any relevant records or information to the Group FD or his or her authorised representative in connection with the implementation of the Group's financial policies, these financial regulations and the system of financial control.

37. They shall provide the Group FD with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Governing Body.

38. They shall immediately notify the Group FD whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the Group. The Group FD shall take such steps as he or she considers necessary by way of investigation and report.

RISK MANAGEMENT

39. The Group acknowledges the risks inherent in its business and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. A risk matrix is maintained at Group, Business Unit and Department level which is reviewed weekly by the SMT and a summary of which is considered by the Board and Audit Committees at each of their meetings. The Risk Management Policy provides guidance on assessing risks before mitigation and includes a matrix identifying when risks become significant.

40. The Group Board has overall responsibility for ensuring there is a risk management strategy and a common approach to the management of risk throughout the Group through the development, implementation and embedding within the Group of a formal, structured risk management process.

41. In line with this policy, the Group Board require that the risk management procedures include:

41.1. The adoption of common terminology in relation to the definition of risk and risk management;

41.2. The establishment of Group-wide criteria for the measurement of risk, linking the threats to their potential impact and the likelihood of their occurrence together with a sensitivity analysis;

41.3. A decision on the level of risk to be accepted, together with tolerance levels expressed in terms of measurable outcomes (see above);

41.4. Detailed regular review at business unit level to identify significant risks associated with the achievement of key objectives and other relevant areas;

41.5. Development of risk management and contingency plans for all significant risks, to include a designated 'risk owner' who will be responsible and accountable for managing the risk in question;

41.6. Regular reporting to the Group Board of all risks above established tolerance levels; and,

41.7. An annual review of the implementation of risk management arrangements.

42. Directors must ensure that any agreements negotiated within their areas of responsibility with external bodies cover any legal liabilities to which the Group may be exposed. The Group FD's advice should be sought to ensure that this is the case.

WHISTLEBLOWING

43. Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about a concern of malpractice in the workplace. A whistleblower can disclose on matters of possible fraud, danger to staff, students or the public or malpractice in the way in which the organisation operates (and the cover-up of any of these). It does not matter whether or not the information is confidential. The disclosure can extend to malpractice occurring in the UK and any other country or territory.

44. The Group Board and Group CEO are committed to running the Group in the best way possible and have a policy on whistleblowing and disclosure to reassure those considering making a disclosure that it is safe and acceptable to speak up and to enable any concern about malpractice to be raised at an early stage and in the right way. The Whistleblowing Policy can be found on the Group's SharePoint site: https://tinyurl.com/HLG-whistleblowing.

45. To make a disclosure there need not be firm evidence of malpractice. However, as much information as is possible should be provided in relation to a concern. Concerns about malpractice should normally be raised first with the manager or team leader. This may be done verbally or in writing. Where a member of staff feels unable to raise the matter with their manager or team leader, for whatever reason, then the matter may be raised with the Company Secretary (the Company Secretary has responsibility for, and is trained in, dealing with whistleblowing concerns). Where a disclosure is raised confidentially then this should be clearly stated at the outset so that appropriate arrangements can be made. Where either of the above disclosure routes has been followed and there remain concerns, or if it is felt that the matter is so serious that it cannot be discussed with the Company Secretary, then please contact: the Chair of the Audit Committee, Hart Learning Group, Cambridge Road, Hitchin, SG4 0JD.

CODE OF CONDUCT

46. The Group is committed to the highest standards of openness, integrity and accountability. It seeks to conduct its affairs in a responsible manner. In addition, the Group expects that staff at all levels will observe its code of conduct, available from the HR SharePoint page (Code of Conduct), which covers:

46.1. Group values;

46.2. General standards;

46.3. Relationships;

46.4. Disclosures;

46.5. Social media.

47. Additionally, members of the Group Board, senior management or those involved in procurement are required to disclose interests in the Group's register of interests maintained by the Company Secretary. They are responsible for ensuring that entries in the register relating to them are kept up-to-date by notifying the Company Secretary of any changes regularly and promptly.

48. In particular, no person shall be a signatory to a Group contract where he or she also has an interest in the activities of the other party.

Receiving gifts or hospitality

49. It is an offence under the Bribery Act 2010 for members of staff to accept a financial or other advantage as an inducement or reward for the improper performance of a function or activity. The guiding principles to be followed by all members of staff must be:

49.1. The conduct of individuals should not create suspicion of any conflict between their official duty and their private interest.

49.2. The action of individuals acting in an official capacity should not give the impression (to any member of the public, to any organisation with whom they deal or to their colleagues) that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.

50. Members of staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organisation or individual with whom they have contact in the course of their work that would cause them to reach a position whereby they might be, or might be deemed by others to have been, influenced in making a business decision as a consequence of accepting such hospitality. The frequency and scale of hospitality accepted should not be significantly greater than the Group would be likely to provide in return.

51. When it is not easy to decide between what is and what is not acceptable in terms of gifts or hospitality, the offer should be declined or advice sought from the relevant head of department or the Group FD. For the protection of those involved, the Group FD (or other designated officer) will maintain a register of gifts and hospitality received where the value is in excess of £25. Members of staff in receipt of such gifts or hospitality are obliged to notify the Company Secretary (or other designated officer) promptly using the on-line declaration found on the Group's Sharepoint site: Gift or Hospitality Declaration.

SECTION C: FINANCIAL MANAGEMENT AND CONTROL

FINANCIAL PLANNING

52. The Group FD is responsible for preparing annually a financial plan for approval by the Board and for preparing financial forecasts for submission to the Funding Body. Financial plans should be consistent with the strategic plans and estates strategy approved by the Group Board.

53. The Group FD is also responsible for undertaking regular re-forecasting including preparing forecast cash-flow, balance sheet and income and expenditure statements and for monitoring the risk of non-compliance with all financial covenants and other conditions and commitments entered into with lenders, for identifying shortfalls against budget and seeking support from the SMT in remedying such shortfalls, reporting to the Finance Committee and Board as required.

Budget objectives

54. The Group Board will from time to time set budget objectives for the Group. These will help the Group FD in preparing his or her more detailed financial plans for the Group.

Resource allocation

55. Resources are allocated annually through the business planning process and approved by the Group CEO as appropriate in line with the Group's strategy and operational priorities as agreed with the Group Board. Budget Holders are responsible for the economic, effective and efficient use of resources allocated to them in pursuit of those objectives.

Budget preparation

56. The Group FD is responsible for preparing each year an annual revenue budget and capital programme for approval by the Group CEO and submission to the Group Board. The budget should include a monthly cash flow forecast and balance sheet.

57. The Group FD must ensure that detailed budgets are prepared in order to support the resource allocation process and that these are communicated to Budget Holders as soon as possible following their approval by the Group Board.

Capital programmes

58. The capital programme includes all expenditure on land, buildings, equipment and furniture the costs of which may be capitalised. Such expenditure may only take place with the approval of the Group CEO and within the parameters of the capital programme approved by the Group Board.

59. The Group FD is responsible for providing regular statements concerning all capital expenditure to the Group SMT for monitoring purposes.

60. Following completion of a major capital project, a post-project evaluation or final report should be produced including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to the relevant Funding Body, as laid down in Funding Body guidelines.

Other major developments

61. Any new aspect of business, or proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time of more than £250,000 should be presented for approval to the Group Board (with prior review by the Finance Committee, where appropriate).

62. The Group FD will establish protocols for these major developments to enable them to be considered for approval by the Group Board. These will set out the information that is required for each proposed development as well as the financial criteria that they are required to meet.

FINANCIAL CONTROL

Budgetary control

63. The control of income and expenditure within an agreed budget is the responsibility of the designated Budget Holder, who must ensure that day-to-day monitoring is undertaken effectively. Budget Holders are responsible for the income and expenditure appropriate to their budget.

64. Significant departures from agreed budgets must be reported immediately to the Group FD by the Budget Holder concerned and corrective action taken.

Financial information

65. Budget Holders are assisted in their duties by management information provided by the Group FD. The types of management information available to the different levels of management are described in the Finance service level agreement, together with the timing at which they can be expected.

66. The Group FD is responsible for supplying budgetary reports on all aspects of the Group's finances but subject to any specific requirements of the Funding Body. Relevant extracts from these reports are also presented to the Group Board, which has overall responsibility for the Group's finances.

Changes to the approved budget

67. Changes proposed to the approved budget will be first considered by the Group CEO, COO and Group FD who will then make proposals to the Group Board as required given delegated approval arrangements.

ACCOUNTING ARRANGEMENTS

Financial Year

68. The Group's financial year will run from 1st August until 31st July the following year

69. Not used.

Basis of accounting

70. The consolidated financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

Format of the financial statements

71. The financial statements are prepared in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education and the prevailing Framework for Auditors and Reporting Accountants of Colleges, subject to any specific requirements of the Funding Body, and in accordance with the provisions of the Companies Act 2006, if that is appropriate.

Capitalisation and depreciation

72. New land and buildings will be recorded in the balance sheet at actual build or acquisition cost, except where they are received as gifts, where they will be recorded at depreciated replacement value. Buildings will be depreciated in equal instalments over their estimated remaining useful life. Land will not be depreciated.

Accounting records

73. The Group FD is responsible for the retention of financial documents. These should be kept in a form that is acceptable to the relevant authorities.

74. The Group is required by law to retain prime documents for six years. These include:

    74.1. Official purchase orders;

    74.2. Paid invoices;

    74.3. Accounts raised;

    74.4. Bank statements;

    74.5. Copies of receipts;

    74.6. Paid cheques; and,

    74.7. Payroll records, including part-time lecturers' contracts.

75. The Group FD will make appropriate arrangements for the retention and secure disposal of hard copy and/or electronic records.

76. Members of staff should ensure that retention arrangements comply with any additional or specific requirements of funding organisations.

77. Additionally, for auditing and other purposes, other financial documents should be retained for three years or as determined by the funder.

Public access

78. Under the terms of the Charities Act 2011, the Group Board is required to supply any person with a copy of the Group's most recent financial statements within two months of a request. The Act enables the Group Board to levy a reasonable fee for doing so and this will be charged at the discretion of the Group FD. The Group will also make the most recent financial statements available on the Group's website.

Taxation

79. The Group FD is responsible for advising Budget Holders, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the Group. Therefore, the Group FD will issue instructions to service areas on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax and import duty.

80. The Group FD is responsible for maintaining the Group's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

AUDIT REQUIREMENTS

General

81. External auditors and internal auditors shall have authority to:

81.1. Access Group premises at reasonable times;

81.2. Access all assets, records, documents and correspondence relating to any financial and other transactions of the Group;

81.3. Require and receive such explanations as are necessary concerning any matter under examination;

81.4. Require any employee of the Group to account for cash, stores or any other Group property under his or her control; and,

81.5. Access records belonging to third parties, such as contractors, when required.

82. The Group FD is responsible for drawing up a timetable for final accounts purposes and will advise staff and the external auditors accordingly.

83. The financial statements should be reviewed by the Audit Committee. On the recommendation of the Audit Committee they will be submitted to the Group Board as appropriate for approval.

External audit

84. The Group Board will appoint external auditors periodically, normally for a term of three years extendable by up to two years or otherwise as agreed by the Board. The Group Board will be advised by the Audit Committee.

85. The primary role of this external audit is to report on the Group's financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the Funding Body's audit code of practice and/or other relevant guidance and the Auditing Practices Board's statements of auditing standards.

Internal audit

86. The internal auditor is appointed by the Group Board on the recommendation of the Audit Committee.

87. The Group's financial memorandum with the Funding Body requires that it has an effective internal audit function and their duties and responsibilities must be in accordance with advice set out in the Funding Body's audit code of practice and/or other relevant guidance.

88. The internal audit service for the Group remains independent in its planning and operation but has direct access to the Group Board, Group CEO and Chairs of the Group Audit and Finance Committees. The internal auditor will comply with the Auditing Practices Board's auditing guideline *Guidance for Internal Auditors.*

89. Not used.

Fraud and corruption

90. It is the duty of all members of staff, management and the Group Board to notify the Group FD immediately whenever any matter arises which involves, or is thought to involve, irregularity, including fraud, corruption or any other impropriety.

91. The Group FD shall immediately invoke the fraud response plan, which incorporates the following key elements:

    91.1. He or she will notify the Group CEO, Chair of the Group Finance Committee and the Audit Committee (through its chair) of the suspected irregularity and shall take such steps as he or she considers necessary by way of investigation and report;

    91.2. The Group CEO shall inform the police if a criminal offence is suspected of having been committed;

    91.3. Any significant cases of fraud or irregularity shall be reported to the Funding Body in accordance with their requirements as set out in the audit code of practice;

    91.4. The Audit Committee shall commission such investigation as may be necessary of the suspected irregularity, by the internal audit service or others, as appropriate;

91.5. The internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the Audit Committee on the suspected irregularity. Such report shall include advice on preventative measures.

92. If the suspected fraud is thought to involve the Group FD and/or the Group CEO, the member of staff shall notify the chair of the Audit Committee direct of their concerns regarding irregularities.

92A. Any actual or suspected fraud whose value exceeds £10,000 (or less than £10,000 if the fraud has unusual, novel, complex features or there may be public interest) must also be reported to the DfE.

Value for money

93. It is a requirement of the financial memorandum that the Group Board is responsible for delivering value for money from public funds. It should keep under review its arrangements for managing all the resources under its control, taking into account guidance on good practice issued from time to time by HM Treasury, the Funding Body, the National Audit Office, the Public Accounts Committee or other relevant bodies including but not limited to Managing Public Money and associated guidance.

94. Not used.

95. Internal audit is to have regard to value for money in its programme of work. This will be used to enable the Audit Committee to refer to value for money in its annual report.

Other auditors

96. The Group may, from time to time, be subject to audit or investigation by external bodies such as the Funding Body, National Audit Office, European Court of Auditors, HM Customs and Excise and the Inland Revenue. They have the same rights of access as external and internal auditors.

TREASURY MANAGEMENT

Treasury management policy

97. As a Public Sector organisation, the Group is only permitted to borrow from commercial banks with the prior written permission of HM Treasury, and on terms which are better than could be obtained from the government. This is because such borrowing is almost always more expensive than relying on the government's credit rating. Any expenditure financed by such borrowing without explicit Treasury consent would be considered irregular.

98. All executive decisions concerning borrowing, investment or financing (within policy parameters) shall be delegated to the Group FD and an appropriate reporting system set up. All Group borrowing shall be undertaken in the name of the North Hertfordshire College Further Education Corporation and shall conform to any relevant Funding Body requirements and the prevailing Group Treasury Policy.

99. Not used.

100. The Group FD will report to the Finance Committee termly in each financial year on the activities of the treasury management operation and on the exercise of treasury management powers delegated to him or her.

Appointment of bankers and other professional advisers

101. The Group Board is responsible for the appointment of the Group's bankers and other professional financial advisers (if any, such as investment managers) on the recommendation of the Finance Committee. The appointment shall be for a specified period after which consideration shall be given by the Finance Committee to competitively tendering the service.

Banking arrangements

102. The Group FD is responsible, on behalf of the Finance Committee, for liaising with the Group's bankers in relation to the Group's bank accounts and the issue of cheques. All cheques shall be ordered on the authority of the Group FD, who shall make proper arrangements for their safe custody.

103. Only the Group FD may open or close a bank account for dealing with the Group's funds.

104. All cheques drawn on behalf of the Group must be signed in the form approved by the Audit Committee. All cheques will require two signatures, in line with the bank mandate, one of which will be made by a member of SMT.

105. All automated transfers on behalf of the Group, such as BACS or CHAPS, must be authorised by the Group FD or Head of Finance backed up by paperwork collated by designated members of the finance team. The transmissions will be completed by those designated by Group FD or Head of Finance. Details of authorised persons will be kept in the Finance department.

106. The Group FD is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

107. The Finance Committee will authorise the choice of account signatories on initial appointment and will review the list of signatories at least every three years at its first meeting of the financial year.

INCOME

General

108. The Group FD is responsible for ensuring that appropriate procedures are in operation to enable the Group to receive all income to which it is entitled. All receipt forms, invoices, tickets or other official documents in use and electronic collection systems must have the prior approval of the Group FD.

109. The Group FD is responsible for the prompt collection, security and banking of all income received.

110. The Group FD is responsible for ensuring that all grants notified by the Funding Body and other bodies are received and appropriately recorded in the Group's accounts.

111. The Group FD is responsible for ensuring that all claims for funds, including grants and contracts, are made by the due date.

Maximisation of income

112. It is the responsibility of all staff to ensure that revenue to the Group is maximised by the efficient application of agreed debt collection procedure for the identification, collection and banking of income. In particular, this requires the prompt notification to the Group FD of sums due so that collection can be initiated.

Receipt of cash, cheques and other negotiable instruments

113. All monies received within service departments from whatever source must be recorded by the service department on a daily basis together with the form in which they were received, for example cash, cheques and other negotiable instruments.

114. All monies received must be banked promptly and in accordance with a timetable prescribed by the Group FD. The custody and transit of all monies received must comply with the requirements of the Group's insurers.

115. All sums received must be paid in and accounted for in full and must not be used to meet miscellaneous departmental expenses or be paid into departmental petty cash floats. Personal or other cheques must not be cashed out of money received on behalf of the Group.

116. Receipts by credit or debit card: the Group may only receive payments by debit or credit card using procedures approved by the Group FD.

117. Internet receipts: any member of staff wishing to arrange for payment to be made to the Group via the internet should seek guidance from the Group FD at an early stage where arrangements can be made to allow this facility in some instances.

Collection of debts

118. The Group FD should ensure that:

118.1. Debtors' invoices are raised promptly on official invoices, in respect of all income due to the Group;

118.2. Invoices are prepared with care, recorded in the ledger, show the correct amount due and are credited to the appropriate income account;

118.3. Any credits granted are valid, properly authorised and completely recorded;

118.4. VAT is correctly charged where appropriate, and accounted for;

118.5. Monies received are posted to the correct debtors account;

118.6. Swift and effective action is taken in collecting overdue debts.

118.7. Outstanding debts are monitored and reports prepared for management.

119. Only the Group FD can agree changes to standard credit arrangements and indicate the periods in which different types of invoice must be paid.

Write-offs

120. Debt can be written off where there is little chance of these debts being recovered.

121. Debts outstanding for more than 90 days will be considered for write-off by monthly report to the Group FD.

122. Before write-off can be approved, evidence must be provided to show appropriate actions have been taken to recover the debt such as phone calls, letters or emails.

123. Use of debt collection agencies or legal action will only be considered in exceptional circumstances and must be authorised in writing by the CEO.

123.1 Not used.

123.2 Debts of between £1,001 and £2,000 can be written off by the CEO.

123.3 Debts of more than £2,001 will be reported to the Group Board and will require their specific minuted approval before they can be written off.

123.4. Debtors who have not made payment will so far as this is possible be prevented from using the Group's services. A report will be made to the Board at least twice annually showing all the debts written-off or proposed for write-off during the period since the previous report.

124A. FE Colleges have delegated authority to write-off amounts up to certain individual and cumulative limits. Beyond these limits, write-offs and losses must be referred to DfE for approval in advance. DfE consent to a write-off is only required if:

(a) the write-off exceeds 1% of annual income or £45k individually (whichever is smaller), or

(b) the write-off takes the college's cumulative total write-offs for the academic year beyond 5% of its annual income or £250k (whichever is the smaller).

124B. For these purposes, the calculation is based on the budgeted total income for the current year as approved by the Group Board.

124. The procedures for collecting tuition fees must be approved by the Group FD. He or she is responsible for ensuring that all student fees due to the Group are received.

Student loans

125. Appropriate records will be maintained to support all transactions involving student loans.

GRANTS AND CONTRACTS

General

126. The Group FD is responsible for examining every formal application for grant and shall ensure that there is adequate provision of resources to meet all commitments. The Group FD should ensure that the full cost of contracts is established. The agreement must be in line with the Group's policy with regard to indirect costs and other expenses.

127. Grants and contracts shall be accepted and signed on behalf of NHC and its subsidiaries by the Group CEO. Contracts up to £250k may be approved by the Group SMT with approval by the Group CEO.

128. Not used.

129. The Group FD shall maintain all financial records relating to grants and contracts and shall initiate all claims for reimbursement from sponsoring bodies by the due date.

130. Each grant or contract will have a named supervisor or grant holder and will be assigned to a specific Budget Holder.

131. Control of pay and non-pay expenditure will be contained within the budget centre. The Budget Holder may delegate day-to-day control, but any overspend or under-recovery of overheads is to be the clear responsibility of the Budget Holder with any loss being a charge on departmental funds.

Grant and contract conditions

132. Many grant-awarding bodies and contracting organisations stipulate conditions under which their funding is given. In addition, there are often procedures to be followed regarding the submission of interim or final reports or the provision of other relevant information. Failure to respond to these conditions often means that the Group will suffer a significant financial penalty. It is the responsibility of the named Budget Holder to ensure that conditions of funding are met.

133. Any loss to the Group resulting from a failure to meet conditions of funding is the responsibility of the Budget Holder and will be charged against departmental funds.

OTHER INCOME-GENERATING ACTIVITY

Private consultancies and other paid work

134. Unless otherwise stated in a member of staff's contract:

134.1. Outside consultancy or other paid work may not be accepted without the consent of the Group CEO.

134.2. Applications for permission to undertake work as a purely private activity must be submitted to the Group CEO and include the following information:

134.2.1. The name of the member(s) of staff concerned

134.2.2. The title of the project and a brief description of the work involved

134.2.3. The proposed start date and duration of the work

134.3. Full details of any Group resources required (for the calculation of the full economic cost)

134.3.1. An undertaking that the work will not interfere with the teaching and normal Group duties of the member(s) of staff concerned.

134.4. If the Group CEO or other Senior Post-holder wishes to undertake outside consultancy or other paid work, approval must be sought in advance from the Board notwithstanding any existing contractual provisions with the information identified in paragraphs 135.2.1 to 135.2.5 being provided as part of the application.

Off-site collaborative provision

135. Any contract or arrangement whereby the Group provides education to students away from Group premises, or with the assistance of persons other than the Group's own staff or with independent contractors (partner organisations), must be subject to the following procedure:

135.1. There shall be a contract signed by the Group CEO and on behalf of any partner organisation that shall comply at least with the Funding Body model contract (as amended from time to time) in place before any provision is made. Contracts for significant changes in franchising activity shall be approved in advance by the Group Board.

135.2. The form of the contract shall be scrutinised in advance of its operation by the Audit Committee and approved by Group CEO.

135.3. Where the partnership would represent a significant departure from the Group's strategic plans, the Group Board shall approve the departure, and the Group CEO shall seek the views of and inform the Funding Body.

European Union (EU) and other matched funding

136. In relation to any project including those funded by:

136.1. The European Social Fund (ESF), the European Regional Development Fund (ERDF) or other funds of the European Union;

136.2. A Local Enterprise Partnership (LEP) or successor body;

136.3. Local government e.g. Stevenage Borough Council, North Hertfordshire District Council, Hertfordshire County Council;

136.4. Central government department or agency e.g. the Department for Education, Department for Energy Security and Net Zero, Department for Science, Innovation and Technology, and Department for Business and Trade, Department for Culture, Media & Sport.

137. If the Group sub-contracts such work to external providers, the relevant Group SMT member shall ensure that:

137.1. This is on the basis of a written contract which allows for full audit access to detailed records;

137.2. Appropriate monitoring procedures are in place to ensure that the outputs are achieved and the provision is of suitable quality;

137.3. Payments are only made against detailed invoices.

Profitability and recovery of overheads

138. Opportunities for income-generating activities must be costed and evaluated and approved by the Group CEO and Group FD before any commitments are made. Provision must be made for charging both direct and indirect costs in particular for the recovery of overheads.

EXPENDITURE

General

139. The Group FD is responsible for making payments to suppliers of goods and services to the Group.

Procurement

140. The Group requires all Budget Holders, irrespective of the source of funds, to ensure that supplies, equipment and services are obtained at the best mix of quality and effectiveness for the least outlay over the period of use of the goods or services bought, and in accordance with sound business practice.

141. Budget Holders are responsible to the Group FD for:

141.1. Advising and assisting departments where required on specific departmental procurement.

141.2. Developing appropriate standing supply arrangements to assist in meeting their value for money obligations;

141.3. Vetting all orders above £10,000 (including VAT) before they leave the College. Please refer to Delegated Authority Limits schedule.

141.4. The drafting and negotiation of all large-scale purchase contracts (generally in excess of £50,000 including VAT) undertaken by the College, in collaboration with the responsible department.

141.5. Ensuring compliance with UK Government regulations on public purchasing policy.

142. To ensure best value is achieved the following quotes and tenders are required:

CONTRACT VALUE	NUMBER OF QUOTES
Less than £5,000 (including VAT).	1 (normally in writing).
Greater than £5,000 but less than £20,000 or £800 to £1,600 per month (including VAT).	2 (in writing)
Greater than £20,000 but less than £100,000 (including VAT).	3 (in writing)
Greater than £100,000 but less than the value defined by the UK's public procurement thresholds set out below	A public tender process inviting at least six to participate, or a public advertisement unless using a compliant procurement framework (see para 142)
Under Schedule 1 of the Procurement Act 2023, and valid from 1 January 2024 to 31 December 2025, inclusive of VAT.	Requires tendering process compliant with UK regulations (see para 139 et seq) unless using a compliant procurement framework (see para 142)
Utility works contract	£5,372,609
Utility contract that is not a works contract, a defence and security contract or a light touch contract	£429,809
Concession works and services contract	£5,372,609
Works contract	£5,372,609
Contract for the supply of goods or services (which may be mixed contracts that contain some works elements) to a central government authority not within any other row	£139,688

Contract for the supply of goods or services (which may be mixed contracts that contain some works elements) to a sub-central government authority not within any other row	£214,904
Thresholds for contracts under the Light Touch regime are as follows:	
Light touch utilities contract	£884,720
Light touch concession contract	£5,372,609 (1 January 2024 to 31 December 2025)
All other light touch contracts	£663,540

Note: Limits above apply to a whole contract over its entire length.

142.1. In order to support the demonstration of value for money in procurement, tender assessment measures will be included in all tender processes for procurements valued at more than £10,000.

142.2. Tender documents for such processes must include assessment criteria which cover as a minimum cost and quality measures by which the bids will be assessed. Other criteria relevant to the procurement including but not limited to the timescale for the project; the ability to integrate with existing systems and processes; post implementation support; customer satisfaction may also be selected.

142.3. Assessment criteria chosen must be relevant to the procurement and weightings given to them must be specified in advance and included in tender documents.

142.4. Weightings for cost and quality criteria will never be less than 25% or more than 40% each.

Purchase Orders

143. Official Orders must be placed for the purchase of all goods and services, except for those made using company credit cards or petty cash.

144. In exceptional circumstances, a member of the Senior Management Team may grant approval in writing (eg by email or text message) for an order to be made orally, but such Orders must be confirmed by an official Purchase Order not later than the following working day.

Government and EU procurement directives

145. The Group FD is responsible for ensuring compliance with legal obligations concerning procurement legislation. Government regulations apply to contracts for all forms of procurement, purchase or hire (whether or not hire purchase) with a total value exceeding particular thresholds.

146. The Group FD will advise Budget Holders on the thresholds that are currently in operation as and when they change. A breach by the Group of these regulations is actionable by a supplier or potential supplier. The Group may be liable for fines and the courts may impose a cancellation of contracts awarded without a compliant process.

147. It is the responsibility of Budget Holders to ensure that they and their members of staff comply with procurement regulations and directives by notifying the Group FD of any purchase, or consolidated purchases, that is/are likely to exceed the thresholds. This will need to be done well in advance in order to permit a compliant procurement process to take place. Further information on procurement regulations and directives can be found here: https://www.gov.uk/guidance/public-sector-procurement

148. Where possible and when it is likely to result in achievement of the Group's procurement objectives, then for procurement over Government public procurement thresholds procurement should be undertaken using existing public procurement frameworks. The Group is registered to use such frameworks of three different organisations:

148.1. The Crown Commercial Service: over 80 frameworks for services, goods and supplies https://tinyurl.com/HLG-crown-commercial-service

148.2. Eastern Shires Purchasing Organisation (ESPO): over 140 frameworks for services, goods and supplies https://tinyurl.com/HLG-ESPO

148.3. Crescent Purchasing Consortium: over 50 frameworks specifically designed for further education and schools https://tinyurl.com/HLG-CPC

149. The Group FD is also required to submit annually to the Group Board details on expenditure that has exceeded the thresholds. Copies of the relevant documentation falling into this category must be provided by Budget Holders to the Group FD.

Waivers

150. If the number of tenders cannot be achieved then a waiver may be sought from Group FD or Group CEO under the following circumstances:

150.1. The product or service is available only from one supplier or source;

150.2. The order is for repairs or improvement to an existing product or system, and can only be awarded to the original supplier of that product or system;

150.3. The product is proprietary and sold only at fixed prices;

150.4. The product is required so urgently that there is no time to seek more than one quotation;

150.5. Other (specified) special circumstances make it undesirable to seek alternative quotations.

151. The waiver approval levels are as follows:

151.1. Up to £20,000 – Director.

151.2. Up to £100,000 - Group FD/Deputy Principal.

151.3. Up to £250,000 - Group CEO.

151.4. Over £250,000 - Group Board.

152. Waivers over £25,000 will be reported to the Audit Committee annually.

Post-tender negotiations

153. Post-tender negotiations (i.e. after receipt of formal tenders but before signing of contracts) with a view to improving price, delivery or other tender terms can be entered into, provided:

153.1. It would not put other tenderers at a disadvantage;

153.2. It would not affect their confidence and trust in the Group's tendering process.

154. In each case, a statement of justification should be approved by the Group FD prior to the event, showing:

154.1. Background to the procurement;

154.2. Reasons for proposing post-tender negotiations;

154.3. Demonstration of the improved value for money.

Purchase orders

155. The default supplier for the purchase of all goods is ESPO whose catalogue of goods can be accessed, and ordered from through the Group's financial management system, Integra. Only where goods are required that are not supplied by ESPO may Budget Holders authorise orders from an alternative approved supplier to the Group.

156. Official Group orders must be placed for the purchase of all goods or services, except for the following:

156.1. Purchases made using company procurement cards;

156.2. Purchases made using petty cash;

156.3. Examination fees;

156.4. Sub-contractor payments generated by the Group.

156.5. Legal and professional advice.

157. In exceptional circumstances with prior approval from the Group FD, urgent orders may be given orally, but must be confirmed by an official purchase order endorsed 'confirmation order only' not later than the following working day.

158. It is the responsibility of the Group FD to ensure that all purchase orders comply with both financial and procurement procedures.

Scheme of delegation / financial authorities

159. Budget Holders are responsible for purchases within their department. Purchasing authority may be delegated to named individuals within the department. In exercising

this delegated authority, Budget Holders are required to observe the financial and procurement procedures. The delegation cannot be higher than the Budget Holder's authority and must be agreed by the Group FD.

Credit cards

160. Where appropriate, the Group CEO and Group FD may approve the issuing of Group credit cards to staff. The operation and control of credit cards is the responsibility of the Group FD.

161. Holders of cards must use them only for the purposes for which they have been issued and within the authorised purchase limits. Cards must not be loaned to another person, nor should they be used for personal or private purchases. Cardholders should obtain approval to purchase from the relevant Budget Holder and should ensure that there is sufficient budget available to meet the costs. The Group FD shall determine what information is required on purchases made with procurement cards from cardholders and deadlines for receipt in the finance section to enable financial control to be maintained and cardholders must provide that information.

Receipt of goods

162. All goods shall be received at designated receipt and distribution points. They shall be checked for quantity and/or weight and inspected for quality and specification. If possible, a delivery note shall be obtained from the supplier at the time of delivery and signed by the person receiving the goods.

Payment of invoices

163. Payment of invoices shall be made after the appropriate confirmation of receipt of goods and services. In exceptional circumstances payment may be made prior to receipt with the approval of the Group FD.

Staff reimbursement

164. The Group's financial procedures are in place to enable the majority of non-pay supplies to be procured through the creditors system without staff having to incur any personal expense. However, on occasion, staff may incur expenses, most often in relation to travel, and are entitled to reimbursement.

165. Where such purchases by staff are planned, the relevant Budget Holder may approve cash advances to staff who are going to incur expenditure on the Group's behalf. Upon completion of the travel or project to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to an individual is still outstanding.

Petty cash

166. The Group FD, when appropriate, shall make available petty cash floats. However, it is important for security purposes that petty cash floats are kept to a minimum and kept in a secure area.

167. Requisitions for reimbursements must first be authorised by Budget Holder and then be sent to the Finance Department, together with appropriate receipts or vouchers,

before the total amount held has been expended, in order to retain a working balance pending receipt of the amount claimed.

168. The member of staff granted a float is personally responsible for its safe-keeping. The petty cash box must be kept locked in a secure place in compliance with the requirements of the Group's insurers when not in use and will be subject to periodic checks by the Budget Holder or another person nominated by him or her.

169. At the end of the financial year a statement of the balances held should be completed by the member of staff responsible for the float and counter-signed by the Budget Holder.

Late payment rules

170. The Late Payment of Commercial Debts (Interest) Act 1998 was introduced to give small businesses the right to charge interest on late payments from large organisations and public authorities. Key points are:

170.1. Small businesses can charge interest on overdue invoices;

170.2. Interest is chargeable on sales made after 1st November 1998;

170.3. The rate of interest is currently 8% per annum above the official daily rate of the Bank of England;

170.4. The Late Payment of Commercial Debts (Interest) Act 1998 also applies to overseas organisations;

170.5. The Group can be sued for non-payment.

171. In view of the penalties in this Act, the Group Board require that invoices must be passed as soon as they are received for payment in accordance with supplier terms.

Project advances

172. The Group FD and the relevant Budget Holder may jointly approve cash advances for projects carried out away from the Group where cash expenditure may be unavoidable. Other forms of payment will be expected to be used wherever possible, such as an official purchase order and subsequent payment or an institute procurement card.

173. Receipts or paid invoices will be retained for all sums expended in this way. Upon completion of the project to which the advance relates, within one month a final account must be prepared to demonstrate how the advance was disbursed and any unspent balance repaid. Under no circumstances will a second advance be approved when the final accounting for an earlier advance to a project or individual is outstanding.

Giving hospitality

174. Staff and others representing the Group may not, directly or through others, offer or give any, money, gift, hospitality or other thing of value to an official, employee or representative of any supplier, customer or any other organisation, if doing so could reasonably give the appearance of influencing the organisation's relationship with the Group.

175. Staff may give gifts of a nominal value (such as advertising novelties);

176. With management approval, provide meals and other entertainment at venues outside the Group, provided that the expenses are kept at a reasonable level. For the avoidance of doubt, the per capita cost of a meal should not exceed £50 and would normally be less than £30;

PAY EXPENDITURE

Remuneration policy

177. All Group staff will be appointed to a salary in accordance with the Group's remuneration policy.

178A. The Group remuneration policy centres around performance-related pay and is designed to reward those who perform in their positions.

178B. Not used.

178. All appointments and salaries shall be approved by a member of College SMT, as delegated by the Group CEO. Any variations to contracts or new posts outside of financial authorisation limits for staff other than Senior Post-holders will be approved by the Group CEO. All letters of appointment must be issued by Human Resources and only once CEO approval has been granted.

179. Not used.

180. Salaries and other benefits for senior management other than Senior Post-holders will be determined by the Group CEO.

180A. The Remuneration Committee is responsible for recommending the financial package of the Group CEO to the full Group Board for approval. For the avoidance of doubt, the recommendation to the Board must show the total remuneration expressed in monetary figures, and including all bonuses and ancillary payments.

180B. The Remuneration Committee is responsible for recommending the remuneration of senior post-holders other than the Group CEO to the full Group Board for approval. For the avoidance of doubt, the recommendation to the Board must show the total remuneration expressed in monetary figures, and including all bonuses and ancillary payments.

180C. In making decisions on senior remuneration, the Remuneration Committee will abide by the guidance published by HM Treasury in the prevailing edition of "Guidance for approval of senior pay: senior pay controls process".

Appointment of staff

181. All contracts of service shall be concluded in accordance with the Group's approved HR policies, and all offers of employment with the Group shall be made in writing by Human Resources. Budget Holders must ensure that Human Resources are provided promptly with all information they may require in connection with the appointment, resignation or dismissal of employees.

Salaries and wages

182. The Group has retained an outsourced payroll provider (Liberata) to provide payroll services. It is responsible for the day-to-day operation of the payroll and associated HR systems under a service level agreement.

183. Notwithstanding the appointment of Liberata, the Finance department is responsible for all payments of salaries and wages to all staff including payments for overtime or services rendered. All payments are subject to SMT and Budget Holder approval.

184. All timesheets and other pay documents, including those relating to fees payable to external examiners, visiting lecturers or researchers, will be in a form prescribed or approved by the Group FD.

185. The Head of Human Resources is responsible for keeping Liberata informed of all matters relating to employees for payroll purposes. In particular, these include:

185.1. Appointments, resignations, dismissals, supervisions, secondments and transfers;

185.2. Absences from duty for sickness or other reason, apart from approved leave;

185.3. Changes in remuneration other than normal increments and pay awards;

186. The Group FD will ensure that the necessary checks of the reports supplied by the Payroll Provider are carried out before processing any payments.

187. The Payroll Provider will maintain records of service for superannuation, income tax and national insurance.

188. The Group FD is responsible for payments to non-employees and for informing the appropriate authorities of such payments. All casual and part-time employees will be included on the payroll.

189. Liberata is responsible under the contract and service level agreement with the Group for keeping all records relating to payroll including those of a statutory nature.

190. All payments must be made in accordance with the Group's detailed payroll financial procedures and comply with Inland Revenue regulations.

Pension schemes

191. The Group is responsible for undertaking the role of employer in relation to appropriate pension arrangements for employees.

192. Liberata is responsible for day-to-day superannuation matters, including:

192.1. Informing the Finance Team of the contributions to the various authorised superannuation schemes (currently TPS, LGPS and NEST). The Finance Team will carry out the necessary checks before payments are made;

193. The Payroll Provider will:

193.1. Prepare the LGPS annual return to the authorised superannuation schemes;

193.2. Administer the authorised superannuation schemes

194. The Head of Human Resources will ensure that the superannuation schemes are made aware of leavers, starters and any variations to individuals pay on a monthly basis.

194.1. Ensuring that the Group's responsibilities in respect of auto-enrolment are met.

Travel, subsistence and other allowances

195. All claims for payment of subsistence allowances, travelling and incidental expenses shall be completed in a form approved by the relevant Budget Holder.

196. Claims by members of staff must be authorised by their line manager and then forwarded to their relevant Budget Holder. The approval shall be taken to mean that:

196.1. The journeys were authorised;

196.2. The expenses were properly and necessarily incurred;

196.3. The allowances are properly payable by the group;

196.4. Consideration has been given to value for money in choosing the mode of transport.

Overseas travel

197. All arrangements for overseas travel must be approved by the Group CEO in advance of committing the Group to those arrangements or confirmation of any travel bookings. Arrangements for overseas travel by the Group CEO or members of the Group Board shall be approved by the Chair of the Group Board.

198. Where spouses, partners or other persons unconnected with the Group intend to participate in a trip, this must be clearly identified in the approval request. The Group must receive reimbursement for the expected costs it may be asked to cover for those persons in advance of confirming travel bookings.

Allowances for members of the Group Board

199. Claims for members of the Group Board will be authorised by the Company Secretary. Only reasonable expenses supported by original receipts can be reimbursed.

Severance and other non-recurring payments

200. Severance payments shall only be made in accordance with relevant legislation and under with the approval of Group CEO for NHC and its subsidiaries. Professional advice should be obtained where necessary together with any necessary approvals from DfE and HM Treasury if required by guidance in *Managing Public Money*. Amounts paid should be declared in the financial statements.

201. All matters referred to an employment tribunal shall be notified to the Group CEO at the earliest opportunity in order that budget provision may be made as necessary. All determinations of tribunals must be similarly notified.

202. Any compromise agreement shall be approved by the Group CEO as appropriate and notified to the Chair as soon as possible.

202A. For the avoidance of doubt, Confidentiality clauses should not be included in settlement agreements as a matter of course. Where inclusion of a Confidentiality clause is appropriate, the agreement must include an express provision clarifying the employee's rights under the Public Interest Disclosure Act (PIDA).

202B. This express provision should adopt standard wording provided by the Cabinet Office (available in "Cabinet Office Guidance on Settlement Agreements, Special Severance Payments on Termination of Employment and Confidentiality Clauses".

ASSETS

Land and buildings.

203. The purchase, lease or rent of land and buildings can only be undertaken with authority from the Board and with reference to Funding Body requirements where exchequer-funded assets or exchequer funds are involved.

Fixed asset register

204. The Group FD is responsible for maintaining the Group's register of land, buildings, fixtures and fittings including IT equipment. Budget Holders will provide the Group FD with any information he or she may need to maintain the register.

204A. Not used.

Verification of assets

205. A risk-based verification of assets is undertaken periodically by the Finance department supported by the Estates team. Any major assets that are unable to be located will be reported to Group FD with their net book value.

206. When transferring registered assets and equipment, etc between departments, a transfer record must be kept.

Safeguarding assets

207. Budget Holders are responsible for the care, custody and security of the buildings, stock, stores, furniture, cash, etc. under their control. They will consult the Group FD in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

208. Assets owned by the Group shall, so far as is practical, be effectively marked to identify them as Group property.

Personal use

209. Assets owned or leased by the Group shall not be subject to personal use without proper authorisation.

Asset disposal

210. Any disposal of furniture or equipment requires the completion of an asset disposal form, at which point a net book valuation will be completed and compared to the disposal value. Any disposals that result in less than 80% of the net book value will be reported to the Group CEO for approval.

211. Disposal of land and buildings must only take place with the authorisation of the Group Board. Funding Body consent may also be required if exchequer funds were involved in the acquisition of the asset.

All other assets

212. Budget Holders are responsible for establishing adequate arrangements for the custody and control of all other assets owned by the Group, whether tangible (such as stock – see above) or intangible (such as intellectual property).

FUNDS HELD ON TRUST

Gifts, benefactions and donations

213. The Group FD is responsible for maintaining financial records in respect of gifts, benefactions and donations made to the Group and initiating claims for recovery of tax where appropriate.

Student welfare and access funds

214. The Group FD will prescribe the format for recording the use of student welfare funds. Records of access funds will be maintained according to Funding Body requirements.

Trust funds

215. The Group FD is responsible for maintaining a record of the requirements for each trust fund and for advising the Finance Committee on the control and investment of fund balances.

216. The Finance Committee is responsible for ensuring that all the Group's trust funds are operated within any relevant legislation and the specific requirements for each trust. They will also be responsible for investment of fund balances.

Voluntary funds

217. The Group FD shall be informed of any fund that is not an official fund of the Group which is controlled wholly or in part by a member of staff in relation to their function in the Group.

218. The accounts of any such fund shall be audited by an independent external person and shall be submitted with a certificate of audit to the appropriate body. The Group FD shall be entitled to verify that this has been done.

OTHER

Insurance

219. The Corporate Services Director is responsible for the Group's respective insurance arrangements, including the provision of advice on the types of cover available. As part of the overall risk management strategy, all risks will have been considered and those most effectively dealt with by insurance cover will have been identified. This is likely to include important potential liabilities and provide sufficient cover to meet any potential risk to all assets.

220. The Corporate Service Director is responsible for effecting insurance cover. The Head of Estates is responsible for obtaining quotes, negotiating claims and maintaining the necessary records. The Head of Estates will keep a register of all insurances effected by the Group and the property and risks covered. He or she will also deal with the Group's insurers and advisers about specific insurance problems.

221. Budget Holders must ensure that any agreements negotiated within their departments with external bodies cover any legal liabilities to which the Group may be exposed. The Group FD's advice should be sought to ensure that this is the case. Budget Holders must give prompt notification to the Corporate Services Director of any potential new risks and additional property and equipment that may require insurance and of any alterations affecting existing risks. Budget Holders must advise the Corporate Services Director immediately of any event that may give rise to an insurance claim. The Corporate Services Director will notify the Group's insurers and, if appropriate, prepare a claim in conjunction with the head of department for transmission to the insurers.

222. The Head of Estates is responsible for keeping suitable records of plant which is subject to inspection by an insurance company and for ensuring that inspection is carried out in the periods prescribed.

223. All staff using their own vehicles on behalf of the Group shall maintain appropriate insurance cover for business use.

Companies and joint ventures

224. In certain circumstances it may be advantageous to the Group to establish a company or a joint venture to undertake services on behalf of the Group. The advice of the Group FD should be sought who should have due regard to guidance issued by the Funding Bodies.

225. It is the responsibility of the Group Board to establish the shareholding arrangements and appoint directors of companies wholly or partly owned by the Group. These and other arrangements will be set out in a memorandum of understanding.

Security

226. Keys to safes or other similar containers are entrusted to relevant personnel who should ensure their security at all times. The loss of such keys must be reported to the Group FD immediately.

227. An officer shall be responsible for maintaining proper security and privacy of information held on the Group's computer network. Appropriate levels of security will be provided, such as passwords for networked PCs together with restricted physical access for network servers. Information relating to individuals held on computer will be subject to the provisions of the Data Protection Act 2018. A data protection officer shall be nominated to ensure compliance with the Data Protection Act and any successor legislation and the safety of documents.

228. The Group FD and Company Secretary are responsible for the safekeeping of official and legal documents relating to the Group. Signed copies of deeds, leases, agreements and contracts must, therefore, be forwarded to the Group FD and Company Secretary. All such documents shall be held in an appropriately secure, fireproof location and copies held at a separate location.

Students' Union

229. The North Hertfordshire College Students' Union ("the Students' Union") is a separate legal entity from the Group but is recognised as fulfilling a valuable role in relation to the Group's students.

230. Subject to any constraints imposed by the Funding Body, the Group Board shall determine the level of grant (if any) to be paid annually to the Students' Union. The Group Board requires the Union to provide for information details of its proposed budget to assist in determining the appropriate level of grant.

231. The Students' Union is responsible for maintaining its own bank account and financial records and preparing its own annual financial statements.

232. A set of accounts will be prepared at the end of each year end by the finance department of NHC and will be presented to the CEO for information and will be and will be published on the College website.

233. In accordance with an agreement between the Group and the Students' Union, the Group's internal auditor shall have access to records, assets and personnel within the Students' Union in the same way as other areas of the Group.

Use of the Group seal

234. The Group Board has a company seal.

235. In accordance with paragraph 21 of the Instrument and Articles of the North Hertfordshire College Further Education Corporation, the use of the seal must be authenticated by the signatures of the Chairman or any other member generally or specifically authorised together with the signature of another member. At North Hertfordshire College Further Education Corporation, specific authorisation of the Group Board is required for application of the seal. The details of all applications of the seal will be recorded on agendas and minutes of the Group Board meeting.

236. Not used.

237. The seal shall be used on all documents for:

237.1. The acquisition or disposal of land and buildings;

237.2. On any document or contract which is required to be sealed in accordance with any statutory provisions or other regulations;

238. All applications of the seal shall be listed in a Seal Register and reported to the Group Board and shall detail the:

238.1. The date of application;

238.2. Brief details of the document sealed;

238.3. The names of the authenticating members; and,

238.4. The signature of the Chair of the Group Board.

239. The seal will be kept in a locked box in the Group's safe. Keys to the seal box will be kept by the Company Secretary.

Provision of indemnities

240. Any member of staff asked to give an indemnity, for whatever purpose, should consult the Group FD before any such indemnity is given.

ANNEX A: FIXED ASSET CLASSIFICATIONS AND USEFUL LIVES

CATEGORY	DESCRIPTION / NOTES	ESTIMATED USEFUL LIFE IN YEARS
Land	Freehold or Leasehold	Not applicable
Land improvements	Improvement to property that facilitate the use of the building structure such as paved surfaces, pavements, drainage facilities, sewers, fences, landscaping and similar improvements.	20
Buildings	Any additions to existing structures should be depreciated over the remaining life of the original structure, unless expected life of the addition is less.	Freehold – 20 - 50 Leasehold – The term of the lease
Building improvements	Improvement to buildings such as movable partitions / floor coverings; integral systems facilitating use of building structure such as internal water and sewerage, heating and ventilating, electrical, fire protection, escalators and lifts.	Freehold – 10 Leasehold - The remaining term of the lease or the estimated useful life of the improvement (whichever is less) not to exceed 10 years.
Machinery and equipment	Plant, warehouse, distribution, production and maintenance equipment.	10
Vehicle/transportation equipment	Cars General purpose lorries/trucks Tractor units Trailers and trailer-mounted containers Fork lift trucks	3 4 4 6 10
Furniture and fixtures	Furniture - desks, filing cabinets, bookcases	10
Communication equipment	Telephone systems including wiring *All mobile phones must be expensed	5
Laptop personal computers	Laptop personal computers and all computer peripherals.	5

CATEGORY	DESCRIPTION / NOTES	ESTIMATED USEFUL LIFE IN YEARS
Desktop personal computers	Desktop personal computers.	7
Data processing equipment - hardware	Server room equipment including: Servers, switches, backup hardware, web-filters, UPS and air con.	7

Note

The above asset lives should be used by all business units and should not be exceeded. Where a local asset is considered to have a shorter life (e.g. locations with more conservative tax lives or taking into consideration such factors as timing of replacements) it should be depreciated over the shorter period.

ANNEX B: CALCULATION OF BUSINESS / NON BUSINESS VALUE FOR VAT RECLAIM

The following notes are based on professional advice received in 2017 from Steve Hodgetts and Gillian McGill (RSM).

Key VAT criteria

- Government funded education income is outside the scope of VAT and is classified as "non-business" income.
- Education that is paid for by way of fees or by employer contributions is classified as "business" income.
- Where student education is co-funded in principle the cost is split 50/50 with the government.
    - grant income meeting 50% of the cost.
    - the other 50% being met via fees.
    - therefore take a simple 50/50 split of the Full-time Equivalent (FTE) value for co-funded.

Base data selection to include

- Distinct learner listing.
    - Main programme – i.e. Main Aim flagged, or learning aim of maximum Guided Learning Hours (GLH) value.
    - Funding stream – include all - convert to a funding indicator of FF CF NF.
    - ALL indicator Student periodic aggregated Planned Learning Hours (PLH) and Planned Employability, Enrichment and Pastoral hours (PEEP) = total hours = FTE.
    - Mode.
    - Campus – designated Stevenage, Hitchin, ECC, Town Hall, Springboard, Various.
    - Department and Section.
    - Partner UKPRN, if relevant.

Key criteria

- FTE to be calculated using 540 delivery hours = 1 FTE
    - 450 hours for comparisons back to historic data.
- Non Business is designated as provision types:
    - Fully funded.

- 50% of Co Funded – to represent the Government funded portion.

- Business is designated as provision types:
  - 50% of Co Funded – to represent the learner/employer fee contribution.
  - Full Cost Recovery.
  - Sponsored/employer paying fee.
  - Advanced Learning Loan.
  - PLO.
  - HE.
  - Unfunded

- Summary pivot: to count FTE by Provision Type, split between CF FF NF:

	FTE450			FTE540			Total of FTE450	Total of FTE540
Provision Type	Co Funded	Fully Funded	Not Funded	Co Funded	Fully Funded	Not Funded		
Apprenticeships	2838	479		2838	479		3317	3317
Classroom delivery	288	375		236	312		663	548
Traineeship		80			67		80	67
EFA		2465	201		2059	168	2667	2227
FCR			244			203	244	203
HE			81			68	81	68
FE Loans			188			156	188	156
PLO			8			7	8	7
HCC ACL								
Grand Total	**3125**	**3399**	**720**	**3073**	**2917**	**603**	**7247**	**6593**

- Create new table which calculates business / non business splits
  - Non business = sum ((FF+ (CF/2))
  - Business = sum ((NF+ (CF/2))
- Reorder by Business/Non business.

- Calculate %age splits of total:

206/17 - FTE calculated on 540 Hours							
Apprenticeships	non business	1,898	App's	business	1,419		
Apprenticeships	business	1,419	Classroom delivery	business	118	**2,139**	**32.4%**
Classroom delivery	non business	430	EFA	business	168		**business**
Classroom delivery	business	118	FCR	business	203		
Traineeship	non business	67	FE Loans	business	156		
Traineeship	business	0	HCC ACL	business	0		
EFA	non business	2,059	HE	business	68		
EFA	business	168	PLO	business	7		
FCR	business	203	Traineeship	business	0		
HE	business	68	App's	non business	1,898	**4,454**	**67.6%**
FE Loans	business	156	Classroom delivery	non business	430		**non business**
PLO	business	7	EFA	non business	2,059		
HCC ACL	business	0	Traineeship	non business	67		
		6,593			**6,593**		
2016/17 - FTE calculated on 450 Hours							
Apprenticeships	non business	1,898	App's	Business	1,419	**2,285**	**31.5%**
Apprenticeships	business	1,419	Classroom delivery	Business	144		**business**
Classroom delivery	non business	519	EFA	Business	201		
Classroom delivery	business	144	FCR	Business	244		
Traineeship	non business	80	FE Loans	Business	188		
Traineeship	business	0	HCC ACL	Business	0		
EFA	non business	2,465	HE	Business	81		
EFA	business	201	PLO	Business	8		
FCR	business	244	Traineeship	Business	0	**4,962**	**68.5%**
HE	business	81	App's	non business	1,898		**non business**
FE Loans	business	188	Classroom delivery	non business	519		
PLO	business	8	EFA	non business	2,465		
HCC ACL	business	0	Traineeship	non business	80		
		7,247			**7,247**		

- This produces a summary as follows:

	2016/17	
	FTE @ 540 hr	**FTE @ 450 hr**
business	32.4%	31.5%
non business	67.6%	68.5%

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