

FINANCE, RESOURCES & REMUNERATION COMMITTEE

TERMS OF REFERENCE

1 Constitution

- 1.1 The Wellspring Academy Trust Board of Directors (“the Board”) has resolved to establish a Finance, Resources & Remuneration (FRR) Committee to advise the Board on matters relating to the Trust’s finance and resources arrangements.
- 1.2 The FRR Committee is responsible to the Trust Board.
- 1.3 The Committee’s Terms of Reference are adopted by the Board and may only be changed with the approval of the Board.
- 1.4 The Committee’s remit will extend to advise the Board on the performance and pay of the Chief Executive of the Trust and the Clerk to the Board.
- 1.5 The Clerk to the Board (or appointed deputy) shall be the Clerk to the Committee. However, the Clerk can be required to withdraw from that part of any meeting at which the Clerk’s remuneration (or any other matter relating to the Clerk within the remit of the Committee) is to be discussed. In these circumstances, one of the Committee members will act as a temporary Clerk to minute the proceedings of the Committee or a deputy may attend.

2 Authority

- 2.1 The Committee will report to the Board on any decisions taken in accordance with the Schemes of Delegation and delegated powers, including the Academies’ assets, depreciation and removal of such items from the asset register.
- 2.2 The FRR Committee is authorised to investigate any activity within its terms of reference or specifically delegated to it by the Board. It is authorised to request any information it requires from any employee of the Trust and all employees are directed to co-operate with any request made by the Committee.
- 2.3 The Committee is authorised to obtain any outside legal or independent professional advice it considers necessary and may require experts to be present and to advise when drafting disclosures to be made in the Trust’s annual Report and Accounts.

3 Main Duties

- 3.1 The Committee is required to fulfil its responsibilities as set out in these Terms of Reference in line with the Academies Financial Handbook, the Trust’s Financial Regulations and in compliance with the Funding Agreement with the Secretary of State for Education.

- 3.2 To ensure sound management of the Trust's finances and resources, including proper planning, monitoring, probity and value for money.
- 3.3 To advise the Trust Board on specific remuneration packages of the CEO and the Clerk, to ensure that staff are fairly rewarded in relation to their individual contributions to the Trust's overall performance; and
- 3.4 To demonstrate to the public that the pay of senior staff is set by a committee which has no personal interest in the outcome of its decision and which gives due regard to the interests of the public and of the financial health of the Trust.

4 **Terms of Reference**

- 4.1 To have the authority to approve the same level of expenditure (revenue and capital) and contracts as the Board, ie, where total expenditure per item exceeds £250,000 *by exception*, in order to increase the Board/Committee's ability to approve expenditure in a timely manner. Board to be informed retrospectively. *FRR Committee to also be informed retrospectively of expenditure between £100,000 and £250,000.*
- 4.2 Subject to the detailed requirements of the Academies Financial Handbook, Funding Agreement and the Financial Regulations of the Trust, the Committee shall consider and advise the Board on the following specific matters:
 - 4.2.1 The annual estimates of income and expenditure and financial forecasts for the Trust and its Academies.
 - 4.2.2 The annual financial accounts of the Trust, considering advice as required.
 - 4.2.3 The Trust's management accounts, cash flow forecasts and reserves.
 - 4.2.4 Monitoring of any budget re-forecasts on an ongoing basis.
 - 4.2.5 Monitoring of the revenue finances of the Trust and its Academies and advising the Board on progress towards achieving its financial objectives.
 - 4.2.6 Efficiency/Value For Money; requiring an annual report to be provided to the Committee in advance of the confirmation of compliance with VFM requirements in the Annual Report & Accounts.
 - 4.2.7 Estate matters, ie: receiving reports at each meeting, including details regarding the acquisition of land and buildings, deployment of property etc and considering an Annual Report regarding Estates/Asset Management Strategy.
 - 4.2.8 The financial elements of the risk management policy, including health and safety, buildings and insurance.
 - 4.2.9 Monitoring of policies relating to finance, staffing and other human resources issues, buildings, health and safety, capitalisation, depreciation, treasury management, investment, borrowing and publicity and marketing, approving these on behalf of the Board with the following exceptions: Health & Safety Policy, Reserves Policy, Investments Policy and Pay Policy - each of which is required to be approved by the Trust Board.
 - 4.2.10 Strategic matters with financial implications concerning sponsorship of Academies.
 - 4.2.11 The Trust's Financial Regulations, to be reviewed at the first meeting of each new academic year, ideally at the same meeting that the updated Academies Financial Handbook is considered.
 - 4.2.12 Any relevant legal and contractual documentation, operating within the Articles of Association, Schemes of Delegation, Funding Agreement and Financial Regulations.
 - 4.2.13 The review and monitoring of the level of reserves, the Reserves Policy and approving loans from Reserves on behalf of the Board, unless the Board meets prior to the Committee meeting.

4.2.15 Reviewing reports regarding procurement activity which required Board approval (ie, exceeding £250,000), incorporating reference to the performance of major outsourced contracts at a strategic level.

4.2.16 Monitoring the deployment of non-financial resources, including personnel and property, with a view to advising the Board on the effectiveness of such resources.

4.2.17 Overseeing the pay and conditions of service of all employees of the Trust.

5 Pay Matters

5.1 The Committee shall advise the Board on the remuneration packages of the CEO and the Clerk and in doing so it shall consider the following component elements:

- a) basic salary
- b) pension provisions
- c) the main terms and conditions of each individual's service agreement, with particular reference to the notice provisions.

[Remuneration issues in respect of Principals are overseen by the relevant Local Governing Body, except re 5.5 below].

5.2 The Committee shall evaluate annually the specific remuneration package of the CEO in particular against pre-established performance goals and objectives and an appropriate peer group.

5.3 The Committee shall receive a report from the Chair of the Board on the performance of the CEO and the Clerk to the Board.

5.4 For the purposes of 5.3 the Committee will review and assess performance targets, goals and objectives established before the commencement of the relevant period and determine whether such goals and objectives have been achieved at the end of the relevant period.

5.5 The Committee shall advise the Board of any settlement agreements (including any augmentation of pension benefits) which may be payable in the event of the early termination of the employment of the CEO, Clerk, Principals of the Academies or any other senior member of staff, with the broad aim of:

- a) avoiding rewarding poor performance and
- b) dealing fairly with cases where early termination is not due to poor performance.

5.6 The Committee shall periodically review and approve any changes to the job description of the CEO.

6 Administration

6.1 The FRR Committee will meet at least three times in each academic year. The Chair or any two members may call a meeting.

6.2 The Committee will consist of a minimum of **four** Board Directors. Members of the Committee are appointed annually. The Chair of the Board shall be an ex-officio member.

6.3 Up to two external co-opted members may also be appointed who are not members of the Board. The Board may not co-opt an employee of the Academy Trust if the

result would be that the number of committee members who are employees of the Trust (including the CEO) would exceed one third of the Committee. Co-opted members of the Committee will have full participation rights.

- 6.4 Other Board members shall also have right of attendance may fully participate in meetings, though the Committee may wish to exclude Staff Directors.
- 6.5 The CEO will be an ex officio member of the FRR Committee.
- 6.6 In respect of pay matters, Directors who are employed by the Trust and any co-opted members of the Committee shall be excluded. Where pay matters are being considered, the Chair of the Board shall attend.
- 6.7 The Chair of the FRR Committee will be appointed by the Board and will not be a member of the Audit Committee or the CEO. If the Chair is absent from a meeting, the members shall choose another member, who is also a member of the Board, to act as chair for that meeting.
- 6.8 The FRR Committee will be quorate if at least **three** members (or at least **one third** if greater) of those members eligible to vote are present.

In addition, **at least 50%** of those present are required to be Board members [in the event of there being co-optees on the Committee] and **no more than 50%** of those present may be employees of the Trust.

- 6.9 Decisions to be made at meetings of the Committee shall be determined by a majority of votes of eligible members+ present and voting. Where there is an equal division of votes the Chair shall have a second or casting vote.
- 6.10 The Chief Finance Officer and other members of the Trust's staff may be invited to attend, but will have no voting rights. The CFO will be excluded when pay matters relating to the CEO and Clerk are to be considered.
- 6.11 The meeting agenda will be agreed in advance by the Chair of the FRR Committee (based on, but not limited to, a pre-agreed annual schedule of activity) and papers will be circulated to members and attendees at least 5 working days in advance of the meeting.
- 6.12 Minutes of meetings will be taken and submitted to the next scheduled meeting of the Board once approved in draft by the Chair of the Committee.
- 6.13 The FRR Committee will self-assess its performance against these Terms of Reference on an annual basis and will also review the Terms of Reference, submitting any proposed changes to the Board for approval.
- 6.14 The members of the Committee shall hold office from the date of their appointment until the resignation or their omission from membership of the Committee on subsequent consideration by the Board (whichever shall happen first).

+ if a member of the Committee withdraws from the meeting due to a conflict (or potential conflict) of interests, the meeting must still be quorate in order for a vote to be conducted.