



GUIDANCE FOR FUND HOLDING SCHOOLS: PARTNERSHIP ACCOUNTS

(Detailed guidance on the finances of the Partnerships and how they should be reported are set out in the Partnership Agreement.)

Introduction: This guidance is intended to assist any Fund Holding Academies, or academies considering taking on the fund holding roll. The SEIP view is that “Agency Arrangements” (described in the Academy Accounts Direction) make it possible for Academies to take on fund holding without any significant impact on an Academy’s Statement of Accounts.

Extract from **Academies Accounts Direction 2020 to 2021** and commentary:

EFSA Text	Our commentary
<p><i>3.124 Some income may not belong to the academy trust receiving it, for instance where it is acting as an agent with no discretion about the use to which the funds received are put and where the academy trust acts only in accordance with the instructions or directions of the funder. Where this is the case, the funds received are not recognised as an asset in the financial statements because the funds are not within its control and the distribution of the income is not recognised as academy trust’s expenditure (SORP module 19). However, any fee receivable by the academy trust for acting as agent is recognised as income with any costs incurred by the academy trust in the administration of the agency arrangement are recognised as expenditure in the financial statements, for example resources for 16-19 bursaries and ITT bursaries.</i></p>	<p>The Fund Holding Academy is acting as an agent for LCC in receiving, holding and distributing funds for SEIP work. The Fund Holding School has no discretion over the use of the Funds which can only be used for purposes set out in the LCC Partnership Agreement and which can only be disbursed through the collective processes set up in the partnership. Whilst the LCC Partnership Agreement grants local partnerships considerable discretion over the way provision for eligible pupils is organised, this discretion can only be exercised collectively.</p> <p>The Fund Holding School, under the terms of the LCC Partnership Agreement may make a charge to Partnership funds for the services it provides to the Partnership for financial and HR functions and for the roll of the Chair – this will be part of the Academy accounts. These charges by the Fund Holding School to the SEIP must be authorised through the SEIP’s agreed collective decision making processes and reported in the financial reports made to the LA.</p>
<p><i>3.125 Agency arrangements must be disclosed in the note to the financial</i></p>	<p>The note to the financial statement may make reference to the county process for</p>

<p>statements including an accounting policy note. Illustrative text for 16-19 bursary fund notes is as follows:</p>	<p>scrutinising Partnership finances set out in the Partnership Agreement with LCC. Audit responsibilities remain with LCC.</p>
<p>Note 1: Statement of Accounting Policies - Agency Arrangements 84</p> <p>The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use up to x% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid, and any balances held are disclosed in note 34.</p> <ul style="list-style-type: none"> • Note 34: Agency Arrangements <p>The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2021 the academy trust received £x and disbursed £y from the fund. An amount of £x is included in other creditors relating to undistributed funds that is repayable to ESFA. Comparatives for the accounting period ending 31 August 2020 are £x received, £y disbursed and £x included in other creditors.</p> <p>3.126 Where an academy trust is acting as an intermediary agent but nonetheless has a beneficial interest in the funds and controls their use (for example where an academy trust passes the funds to a supplier to pay for student-related items) there is a contract between the academy trust therefore the supplier and the income and expenditure would be recognised in the SOFA.</p> <p>3.127 Catering income or school trip income may also need to be considered in the context of agency arrangements to determine whether or not the academy trust is acting as an agent or a principal. If the academy trust has control over the funds, has a beneficial interest (for example by having a liability with a travel agent), and has the associated risks (for example the risk of incurring a loss if funds are not received from a parent for a confirmed trip) the arrangement would be accounted for through the SOFA.</p> <p>3.128 Agency arrangements are also discussed in the SORP (module 19).</p>	<p>The Fund Holding Academy is acting as an agent of LCC. The staff it employs and the expenditure it incurs in meeting other needs of students who have been placed with the SEIP is on behalf of LCC. LCC has delegated the control of this process as part of the Partnership Agreement.</p>

Employment of Staff: Where the Fund Holding School holds the contracts for staff who work in the SEIP it is done as an agent for LCC and these staff do not therefore form part of the academy trust's expenditure.

Where the Fund Holding School is seconding its own staff to work in the SEIP it will account for this expenditure in the same way as for any financial or hr functions that it carries out as an agent.

