



**GAG Pooling Policy  
(collective resource allocation)**

This policy was adopted by the Trustees  
of Ivy Education Trust  
on 20 February 2024

Review date: See Amendment Record

## Introduction

The Trustees of Ivy Education Trust recognise that the GAG and reserve pooling policy must address the management of financial risk across the Trust, and ensure that existing pupils are not disadvantaged through the retention of excessive reserves.

The aim of pooling resources is to facilitate the delivery of high-quality teaching and other activities.

The Academy Trust Handbook permits the pooling of GAG (section 5.30)

*5.30 The ability to amalgamate and direct funds to meet improvement priorities and need across the trust's schools can be integral to a trust's successful financial operating model. A trust with multiple academies can amalgamate GAG for its academies to form one central fund. This practice can enhance a trust's ability to allocate resources in line with improvement priorities and running costs across the trust's constituent academies.*

[https://assets.publishing.service.gov.uk/media/64a52424c531eb000c64fe78/ATH\\_2023\\_FIN\\_AL\\_040723\\_digital\\_tracking\\_off.pdf](https://assets.publishing.service.gov.uk/media/64a52424c531eb000c64fe78/ATH_2023_FIN_AL_040723_digital_tracking_off.pdf)

*5.31 If a trust decides to pool GAG, it must consider the funding needs and allocations of each constituent school. The trust must have an appeals mechanism and an appeal can be escalated to ESFA, if not resolved. ESFA's decision will be final and can result in the pooling provisions being dis-applied. A trust must not pool PFI funding, in accordance with its funding agreement.*

## Policy

This policy applies to all schools within the Ivy Education Trust.

All income received by the Trust will be subject to GAG pooling unless that income is either pupil specific or accountability for the income is directly linked to the school.

Pooled income streams:

- GAG funding
- Other central government revenue grants, for example mainstream schools additional grant, teachers' pay grant.
- UIFSM
- Capital income DFC
- Capital income SCA
- All ESFA income not previously noted
- All capital income where this is not disallowed due to the terms of the grant
- All operational income

The following income streams are excluded from pooling:

- Sports and PE grant funding
- LA high needs funding
- Grants where the conditions of the grant specify the school where the money should be spent.

### **Resource allocation**

School budgets - The Trust will prepare a budget, in discussion with each school, which will be scrutinised by the executive team, with due regard to ESFA allocation information, and the needs of each school. The budgets will be reviewed to ensure that they reflect the Trust and school priorities and collective arrangements.

The budget process will include the agreement of the central team spend and school improvement budget. These budgets will include funds that are Trust wide and those that are school, or cluster specific.

The Trust receives a GAG statement for each school and for the year 2024 to 2025 this will be used to determine the allocation to each school.

### **Treatment of in-year surplus/deficits generated**

Following the pooling of income and the allocation of resources to each school, when a school generates an in-year surplus or deficit the following treatments will apply.

#### **In-year revenue surplus**

If a school generates a planned surplus on the basis of in-year saving, this will be carried forward to the pooled improvement fund.

#### **In-year approved revenues deficit**

Where the Trust has formally approved for a school to incur additional expenditure this will be dealt with as outlined in the budget approval process, by the FAR Committee.

#### **In-year unapproved revenue deficit**

Where the Trust had not formally approved for a constituent school to incur additional expenditure, following the approval of the original budget, this will be managed by the Headteacher and the Director of Finance in the first instance. Where the unapproved deficit is forecast to be greater than 1% of annual income for secondary schools and 2% for primary schools this will be referred to the FAR Committee formally for discussion.

### **Appeals**

The Academy Trust Handbook stipulates that there must be an appeals process.

*5.31 states "If a trust decides to pool GAG, it must consider the funding needs and allocations of each constituent school. The trust must have an appeals mechanism and an appeal can be escalated to ESFA, if not resolved. ESFA's decision will be final and can result in the pooling provisions being dis-applied".*

#### **The process for appeals is as follows:**

The school headteacher to write to the CEO outlining why the allocation is not reasonable, and requested actions.

The executive team to review each school appeal on a school and Trust basis, and reply to the school within 20 working days of the appeal letter.

If the headteacher is not happy with the response to the team they can appeal to the FAR Committee of Trustees, who will consider the appeal at their next meeting, and make a recommendation to the Board.

The Board will respond within 10 working days of the FAR Committee meeting.

If the headteacher is not happy with the outcome of the appeal they can appeal to the ESFA. The ESFA's decision is final.

### **Collective Reserves policy**

The Policy will be to share between schools cumulative GAG and unrestricted reserves. There is no impact upon schools from this policy; this reflects both the existing legal position, as all reserves are legally those of the Trust, and existing practice.

### **Rationale**

Without pooling reserves the Trust could not function, as schools with negative reserves could not access required resources.

The Trust has in practice adopted reserves pooling for several years in order to function and to meet the prime financial goal: to remain financially sustainable. Therefore, this policy is formalising existing practice.

There is a risk to Trust reserves should a school with high reserves leave the Trust. For example, if certain schools left, the whole Trust would immediately lose all cumulative GAG reserves. This policy formally mitigates the Trust position to date, as the likelihood of this risk has been low and remains so.

Pooling reserves simplifies reporting of GAG reserves within various submissions to the ESFA, reporting only the aggregate position, not each school's position. In the former position (where cumulative GAG reserves were not shared between schools), it had to be stated within the published audited accounts the reasons why certain schools are in cumulative reserves deficit. Pooling reserves eliminates the need to do this.

### **Unrestricted reserves**

Unrestricted reserves may come from income funds, grants or donations that can be spent at the discretion of the Executive Team to further the Trust's stated objectives.

Unrestricted funds can be allocated to a particular project, although this is for administrative purposes only. It does not legally restrict the use of the fund. Unrestricted funds are the result operational efficiencies and trading activities undertaken by the Trust.

### **Restricted reserves**

Restricted reserves may be restricted income funds, grants or donations, that are spent at the discretion of the executive in furtherance of the stated conditions of the fund.

The current reserves policy is to maintain 5% of annual income as a free reserve. This is the sum of restricted and unrestricted reserves but does not include capital funds.

### Capital funds

Capital funds are defined as restricted fixed asset reserves. The reserves are held specifically for capital purposes within wider Trust objectives.

#### AMENDMENT RECORD

Date	Reviewed by	Nature of Change	Next Review
30.1.2024	FAR Committee	New policy	As required and no later than January 2025