Diocese of Norwich Education and Academies Trust

Income Pooling Policy (GAG Pooling)

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Person Responsible:	**Chief Operating Officer**

Our Christian Ethos and Values
All policies within the Diocese of Norwich Education and Academies Trust (hereafter referred to as "the Trust"), whether relating to an individual academy or the whole Trust, will be written and implemented in line with our Christian ethos and values.

We have high ambition for all, and we truly value the wider educational experience.

We walk and talk our Christian values. We put people at the centre of the organisation and want to see them flourish and grow. Our schools are inclusive, welcoming those of all faiths and none.

Overall accountabilities and roles
The Trust has overall accountability for all its academies and staff. Through a Scheme of Delegation for each academy it sets out the responsibilities of the Trust, its Executive Officers, the Local Governing Body and the Principal/Headteacher. The Principal/Headteacher of each academy is responsible for the implementation of all policies of the Trust.

All employees of the Trust are subject to the Trust's policies.

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1. Introduction

Under the provisions of the Academies Trust Handbook, a Trust with multiple academies can amalgamate General Annual Grant (GAG) funding, for their academies to form one Central Fund. This Central Fund can then be used to meet the normal running costs at any of the Trust's constituent academies and the Central Function. In accordance with its funding agreement a trust must not pool private finance initiative (PFI) funding.

The Trust must consider the funding needs and allocations of each constituent academy. How the Central Fund is administered and monitored is outlined within the "Central Fund Policy". This "Pooling Policy" sets out how the Trust administers its pooling arrangement.

2. Definitions

Revenue income:	Includes all sources of income that are reported within the Unrestricted and Restricted Funds, including pooled income, and any amounts of capital funding used for revenue purposes. This does specifically exclude the Pension Fund income.
Pooled income:	Relates to those elements of income that the Trust will collate and manage centrally.
Non-pooled income:	Relates to the total amount of revenue income less the pooled income, that will be held and managed at the individual schools.
In-year revenue deficit:	The in-year deficit generated on the Unrestricted and Restricted Funds, including pooled funds and any amounts of capital funding used for revenue purposes, but excluding Pension Funds.
In-year revenue surplus:	The in-year surplus generated on the Unrestricted and Restricted Funds, including pooled funds and any amounts of capital funding used for revenue purposes, but excluding Pension Funds.
Deficit revenue balance:	The overall deficit position on the Unrestricted and Restricted Funds, including the pooled funds and any amounts of capital funding used for revenue purposes, but excluding the Pension Fund.
Surplus revenue balance:	The overall surplus position on the Unrestricted and Restricted Funds, including the pooled funds and any amounts of capital funding used for revenue purposes, but excluding the Pension Fund.

3. Policies

3.1 GAG Pooling Policy

i) Academies Trust Handbook - Pooling Guidance

The ATH permits a Multi Academy Trust (MAT) to pool a proportion of GAG:

> *"A trust with multiple academies can amalgamate GAG for its academies to form one central fund. This can be used to meet the running costs at any constituent academy within the trust. In accordance with its funding agreement a trust must not pool PFI funding" (Section 5.30)*

Academies specifically excluded from any pooling arrangement:

- Those that are funded on estimated pupil numbers Items specifically excluded from any pooling arrangement
- PFI funding (as per the ATH)

The Trust has chosen to ring fence GAG and other specific income funds for Special Schools and Academies.

ii) Calculation of revenue income to be GAG pooled

This policy applies to all of the academies within the Trust.

For all academies included within the pooling arrangement, only the following components of income will be pooled:

- General Annual Grant (GAG) allocation (per the annual GAG statements)
- Rates reimbursement
- Teachers Pay Additional Grant (TPAG)
- Teachers' Pension Employer Contribution Grant (TPECG)
- Universal Infant Free School Meals (UIFSM)
- Free School Meals supplementary
- Bank interest income
- Utilities income
- Devolved Formula Capital (DFC) funding
- School Condition Allocation (SCA) [when applicable]
- All other ESFA income not noted above
- All other LA income not noted above/below
- All other capital income not noted above
- All other operational income not noted above

For all academies included within the pooling arrangement, the following components of income are excluded from the pooling arrangement:

- PFI funding
- Sports & PE grant funding
- Pupil Premium
- LA High needs / SEN funding
- LA Specialist Resource Base Funding
- Lettings Income

The Trust will consider the funding needs and allocations of each constituent academy, with an appeals process outlined within this policy document.

The Trust receives GAG allocation statements for each constituent academy. This source of information will be used to determine the amount of income to be pooled.

During the budgeting process each year, the Trust will prepare a budget, in discussion with each constituent academy, which will be scrutinised by the Executive, alongside the funding allocation documentation to ensure that the budgets proposed are in line with the pooling arrangement.

The Trust reserves the right to amend the pooling policy on an annual basis, prior to the start of each financial year. Where appropriate, pooling may be adjusted to reflect the costs incurred in the previous year.

iii) Treatment of in-year surplus/deficit generated

Following the pooling of income and the allocation of funding to each constituent academy, where a constituent academy generates an in-year revenue surplus or deficit, the following treatments apply:

a) In-year revenue surplus

Where a constituent academy generates an in-year surplus, the surplus will be transferred into the Central Trust Reserve.

b) In-year revenue deficit

Where a constituent academy generates an in-year deficit, the academy will need to confirm to the Trust how the revenue deficit arose. There will be a different treatment for those revenue deficits that were pre-approved and those which were not pre- approved by the Trust in advance.

c) Approved revenue deficit

Where the Trust has formally approved for a constituent academy to incur additional expenditure,

following the approval of the original budget, the revenue deficit will be dealt with as outlined in the approval process.

d) Unapproved revenue deficit

Where the Trust had not formally approved for a constituent academy to incur additional expenditure, following the approval of the original budget, this could equate to a disciplinary matter, and if deemed as such, would be addressed in line with the Disciplinary Policy. The repayment arrangement will be discussed with the constituent academy and decisions on the repayment to be determined by the Board.

iv) Appeals

The Academies Trust Handbook (ATH) stipulates that there must be an appeal process in place for constituent academies:

> *"The trust must consider the funding needs and allocations of each constituent academy and must have an appeals mechanism. If a constituent academy's principal feels the academy has been unfairly treated, they should appeal to the trust. If the grievance is not resolved, they can appeal to the Secretary of State, via ESFA. Where ESFA receives an appeal, it will review the process that the trust has followed, including whether the trust has considered the funding needs of the constituent academy, and whether the trust's internal appeals process has been applied. ESFA will provide the constituent academy and the trust with the opportunity to provide any evidence they feel is relevant to the case. ESFA's decision will be final and can result in the pooling provisions being dis-applied." (Section 5.31)*

The process for a constituent academy to appeal is as follows:

- Headteacher to write to the Chief Executive Officer (CEO) outlining why the academy has been unfairly treated as part of this arrangement and what action they expect to be taken to rectify it.
- The Executive will review any such appeal on an individual academy and Trust-wide basis and reply to the constituent academy within 10 working days of receipt of the appeal.
- Should the Headteacher feel that their academy has still been unfairly treated, they have the right to appeal to the Trust Board. The Trust Board will discuss this at the next meeting and write back to the academy within 10 working days of that meeting.
- Should the Headteacher still feel that their school has been unfairly treated by the Trust Board, they have the right to appeal to the Secretary of State, via the ESFA. The decision by the ESFA will be final.

3.2 Central Fund Policy

The pooling of income and resources from the constituent academies is brought together to form a single Central Fund.

This Central Fund can then be used to meet the normal running costs at any of the Trust's constituent academies and the Central Function.

This Central fund is administered by the Executive Team and monitored by the board of trustees.

In year academy surpluses will be dealt with as described in section 4.1 sub section (a).

3.3 Reserves Treatment

3.3.1 Pooled brought forward reserves

The Trust will pool brought forward reserves for all of the existing academies that are included within the pooling arrangement, pooling all reserves, except for the following:

- PFI income
- Any donations or income streams that have been specifically restricted to that constituent academy and have evidence of such restriction
- Any income that is ringfenced as part of any legal or transfer documentation

3.3.2 New schools/academies to the Trust and treatment

On conversion or transfer into the Trust, all fund balances (surplus or deficit) form part of the reserves pooling arrangement, and will therefore be pooled.

Where balances are transferred into the Trust and do form part of a legal or transfer document, the balance will be managed and reported in line with that legal conversion or transfer documentation.

3.3.3 Schools/academies leaving the Trust when Pooled Funds is in Surplus

If the Trust's Central Fund is in a surplus revenue position:

If a constituent academy leaving the Trust has a deficit revenue balance, the constituent academy

will leave the Trust with that deficit revenue balance.

If a constituent academy leaving the Trust has a surplus revenue balance, the constituent academy will leave the Trust with £Nil, with the surplus being transferred to the Central Fund.

3.4 Capital Funding Policy

The Restricted Fixed Asset Reserves are specifically held for capital purposes in furtherance of some aspect of the objectives of the Trust.

3.4.1 DfE Capital Funding

The Trust receives devolved formula capital (DFC) - allocated for individual schools to spend on capital projects that meet their own priorities. Both these funding streams are pooled and used for investment priorities across the schools, which are part of the Trust.

3.4.2 Capital Grants and Donations

A community or charity grant and/or donation may be given which are to do with capital project funding. These form part of the restricted fixed asset reserves but are not pooled. They are specifically restricted to expenditure tied with those projects and are accountable as such.

3.4.3 Estates and ICT vision

The Trust will develop its estates and ICT vision linking to the capital funding elements and the educational vision to be achieved through the estate management strategy.

3.4.4 Revenue contributions to capital

The Trust may choose to allocate part of the pooled revenue funding (where permissible) to be allocated to capital projects. This will compromise as transfer between the reserve funds.