

Pooling Policy

Document control		POLICY LEVEL: Trust / Non-Statutory	
Approved by	Full Trustees	Approved Date	18 July 2021
Directorate	Finance	Next Review	18 July 2022
Published Location	https://www.dartmoormat.org.uk/policies-and-documents.html		
Version Number	Date issued	Author	Update information
1.0	23 July 2021	A Richardson	First Published Version

Contents

1. Trust Vision and Values.....	2
2. Introduction	3
3. Definitions	3
4. Policies.....	4
A) GAG Pooling Policy	4
B) Central Fund Policy.....	6
C) Reserves Policy	7
1. Minimum reserves level.....	7
2. Types of reserve.....	7
3. Management of Reserves	9
4. Pooled brought forward reserves.....	9
5. New schools/academies to DMAT and treatment	10
6. Schools/academies leaving DMAT Pooled Funds is in Surplus	10
7. Schools/academies leaving DMAT Pooled Funds is in Deficit	10
D) Capital Funding Policy	11
1. Dfe Capital Funding.....	11
2. Capital Grants and Donations.....	11
3. Estates and ICT vision.....	11
4. Revenue contributions to capital.....	11
Appendix 1: GAG pooling flow chart.....	12
Appendix 2: Funds Breakdown Table.....	12

1. Trust Vision and Values

Founded in the principles of the International Cooperative Alliance and our Church Schools' ethos, our values enable us to fulfil our vision.

Self-help

We believe that EVERY child is GIFTED and TALENTED and through modelling, demonstrating and expecting habits of excellence, all learners will have the knowledge, skills and understanding as well as resilience, aspiration and compassion to CHART THEIR OWN DESTINY

Equality

We exist to include. INCLUSION is the soul of our Trust; where opportunities to reveal the champion are given to ALL. Those who present the most challenge are those we NURTURE most. *In loco parentis* isn't just a legal responsibility; it is the VOCATION we all

Equity

We do not believe that background determines future. We believe that EVERY child, has the ABILITY and DESIRE to reveal the champion within. We believe in building SELF-ESTEEM through our commitment to CHARACTER Education and WELLBEING

Democracy

We SERVE our COMMUNITIES as leaders; committed to improving the social and economic health of the children, families and wider populations. We create HUBS that CONNECT and PROVIDE for the most vulnerable. We are GUARDIANS, not the owners, of our schools. All voices are equal; none more so than others.

Solidarity

Respect is not earned, it is given. We embrace, accept and celebrate our DIFFERENCES as beautiful and UNIQUE. We believe in ourselves and others, treating all with DIGNITY and UNDERSTANDING

Self-Responsibility

We believe it takes a community to teach a child and that in time each learner must take CHARGE of their own attitudes, behaviours and decision making. We do not seek for children to conform; instead to discover who they ARE and who they are BECOMING

2. Introduction

Under the provisions of the Academies Trust Handbook 2021 (ATH 2021) published June 2021 and effective from 1 September 2021, 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.

Whilst this policy references the ATH 2021, the policy will continue to apply to future versions of the ATH if there are no changes to the ATH on this matter. Where there are changes, the policy will be updated to reflect such changes.

3. 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.

4. Policies

A. GAG Pooling Policy

i) Academies Trust Handbook - Pooling Guidance

The ATH 2021 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)
- Sports & PE grant funding (as per the terms)

ii) Calculation of revenue income to be GAG pooled

This policy applies to all of the academies within the Trust, with the exception of those that are funded on estimated pupil numbers.

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 Grant (TPG)
- Teachers’ Pension Scheme (TPS)
- Universal Infant Free School Meals
- Free School Meals supplementary
- Bank interest income
- Utilities income
- Devolved Formula Capital (DFC) funding
- School Condition Allocation (SCA)
- 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
- LA High needs funding

Further information on how the SCA and DFC is administered and monitored is outlined within the capital funding policy contained within this Pooling Policy, as they are managed centrally but separately to the pooling of revenue income.

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

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 Academy 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 will be reviewed budgets set, are in line with the pooling arrangement,

If the Trust approves for additional funding to be provided to a constituent academy, over and above its allocation, the allocation and administration of this funding will be covered by the “Central Fund Policy”.

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, 50% of the surplus will be retained by the academy in the form of a carry forward revenue balance. The other 50% will be transferred into the pooled School Improvement fund.

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 will equate to a disciplinary matter, and will 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) 2021 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:

- 1) 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.
- 2) The Executive will review each academy appeal on an individual academy and Trust-wide basis and reply to the constituent academy within 10 working days of receipt of the appeal.
- 3) 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.
- 4) 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.

B) Central Fund Policy

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

- ii. 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.
- iii. This Central fund is administered by the Executive Team and monitored by the board of trustees.
- iv. The Trust will centrally hold all reserve funds, with the exception that management of funds that have specific restricted reserve conditions are administered by Local Stakeholder Boards.
- v. Where there is a surplus reserve fund brought forward, the Executive Team and the board of trustees will direct the use of this surplus according to the identified and costed Improvement plans. (See section 4C Reserves Policy).
- vi. In year academy surpluses will be dealt with as described in section 4A part iii sub section (a).

C) Reserves Policy

1. Minimum reserves level

The trustees overriding aim is to maintain free reserves in unrestricted and restricted pooled funds at a level which equates to approximately 1 month of expenditure.

The trustees consider that this level will provide sufficient funds to provide a level of working capital that protects the cork work of the MAT, cover unexpected opportunities, and respond to urgent issues as they arise.

2. Types of reserve

i. Unrestricted Reserves

Unrestricted Reserves (including Designated Reserves) are derived from income funds, grants or donations that can be spent at the discretion of the Executive Team in furtherance of any of DMAT's objectives.

If part of an unrestricted income fund is earmarked for a particular project it may be designated as a separate fund, but the designation has an administrative purpose only, and does not legally restrict the Executive Teams' discretion to spend the fund. Unrestricted Reserves will be achieved through operational efficiencies and any trading activities undertaken by DMAT.

Unrestricted Reserves are generally defined as funds held after excluding:

Endowment funds (permanent & expendable); Restricted funds; and Funds that can only be generated on the sale of fixed assets used for charitable purposes.

The cumulative target range for Unrestricted Reserves has been established at between 2% and 5% of unrestricted income for each financial year of the combined of constituent academies in the Trust. The

ii. Restricted Reserves

Restricted Reserves may be restricted income funds, grants or donations that are spent at the discretion of the Executive Team in furtherance of some particular aspect(s) of the objects of DMAT; or where the nature of expenditure has been defined by the donor; or they may be endowment funds, where the funds or assets are required to be invested or retained for actual use, rather than spent.

Restricted Reserves are only available for expenditure once DMAT has met its commitments and other planned expenditure and is in accordance with the limitations outlined in the original funding.

The cumulative target range for Restricted Reserves (Revenue) has been established at between 2% and 5% for each financial year, excluding the impact of the Pension Deficit/Surplus.

Restricted Reserves also are inclusive of capital items and are defined as Restricted Fixed Asset Reserves. This reserve is specifically held for capital purposes in furtherance of some particular aspect of the objectives of the DMAT. The cumulative target range for all Restricted Reserves has been established at between 2% and 5% for each financial year.

All Restricted Reserves will be generated through improved operational efficiencies and effective manpower planning and resourcing in addition to a proactive programme to identify relevant sources of income generation.

iii. Designated Reserves

Designated Reserves are reserves that have been set aside at the discretion of the Trustees in furtherance of any of the MAT's objectives. Where a designation has been identified, the purpose and timing of any expenditure must be explained.

The target range for any Designated Reserve will be determined by the nature of the designation itself; the reserves will be derived from unrestricted and restricted funds where applicable.

iv. Pension Reserve

The risks surrounding DMAT's pension liability have been taken into consideration when calculating the target ranges. The presence of a pension surplus or deficit does not constitute an immediate liability or realisable asset and does not mean that the equivalent amount is already committed or no longer available to DMAT.

The presence of a pension surplus or deficit will generally result in a cash flow effect for DMAT in the form of an increase or decrease in employers' pension contributions over a period of years. DMAT is confident that it can meet the required pension contributions from projected future income without significantly impacting upon its planned level of activities.

DMAT continues to calculate its reserves without setting aside a Designated Reserve to cover the pension liability.

3. Management of Reserves

Reserves held in excess of the target percentage will be reviewed by the Executive Team & Trustees on a regular basis and an appropriate range of options will be considered which might include:

- releasing the funds into the revenue income budget for the forthcoming academic year (in furtherance of DMAT 's objectives);
- assigning funds to appropriate designated reserves as may be determined by DMAT; or
- investing the funds to generate further income to allow expansion of DMAT's work.

The movement of funds to and from the reserves identified (other than movements from restricted to unrestricted) above will be at the discretion of the Trustees (via the Estates & Resources Committee), subject to the restrictions which will remain attached to Restricted Funds (Revenue and Capital) and their use. The movement of funds from restricted to unrestricted must be subject to obtaining appropriate consent from the original donor of the funds.

During the budget planning cycle, a prudent approach will be applied to add to the Trust reserve fund. Trusts should hold reserves sufficient to meet the unexpected and the general rule will be set out in this Reserves policy.

The Reserves policy will be used when application to this reserve is made.

4. Pooled brought forward reserves

On 31 August 2021, 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
- Sport & PE grant funding
- Any donations or income streams that have been specifically restricted to that constituent academy
- Any income that is ringfenced as part of any legal or transfer documentation

5. New schools/academies to DMAT and treatment

On conversion or transfer into the Trust, all revenue fund balances (surplus or deficit) that form part of the reserves pooling arrangement (as outlined in section 4A), will be pooled. All other balances will remain with the constituent school/academy joining and will not form part of the pooling arrangement, unless specifically agreed as part of the legal conversion or transfer documentation.

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.

Balances transferred in, that do not form part of the pooling arrangement, will be managed, monitored and reported on a constituent academy basis, until the balance transferred in reduces to £Nil.

6. Schools/academies leaving DMAT 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.

7. Schools/academies leaving DMAT Pooled Funds is in Deficit

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

The Trust will calculate the constituent academy's share of the Central Fund's deficit revenue balance, which will be added to the deficit revenue balance that the constituent academy will leave the Trust with. The calculation of the constituent academy's share will be based on pupil numbers. For example, if the constituent academy leaving the Trust has 500 pupils and the Trust has 5,000 pupils (including the constituent academy leaving the Trust), the constituent academy's share of the Central Fund deficit revenue position will equate to 10%.

If a constituent academy leaving the Trust has a surplus revenue balance, the Trust will calculate the constituent academy's share of the Central Fund's deficit revenue balance, which will be deducted from the surplus revenue balance that the constituent academy will leave the Trust with. The calculation of the constituent academy's share will be based on pupil numbers. For example, if the constituent academy leaving the Trust has 500 pupils and the Trust has 5,000 pupils (including the constituent academy leaving the Trust), the constituent academy's share of the Central Fund deficit revenue position will equate to 10%.

D) Capital Funding Policy

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

1. Dfe Capital Funding

Dartmoor MAT receives direct school condition allocation (SCA) and in addition, devolved formula capital (DFC) is 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 Academy Trust. These priorities are set as part of the Estates and ICT Strategy.

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. Estates and ICT vision

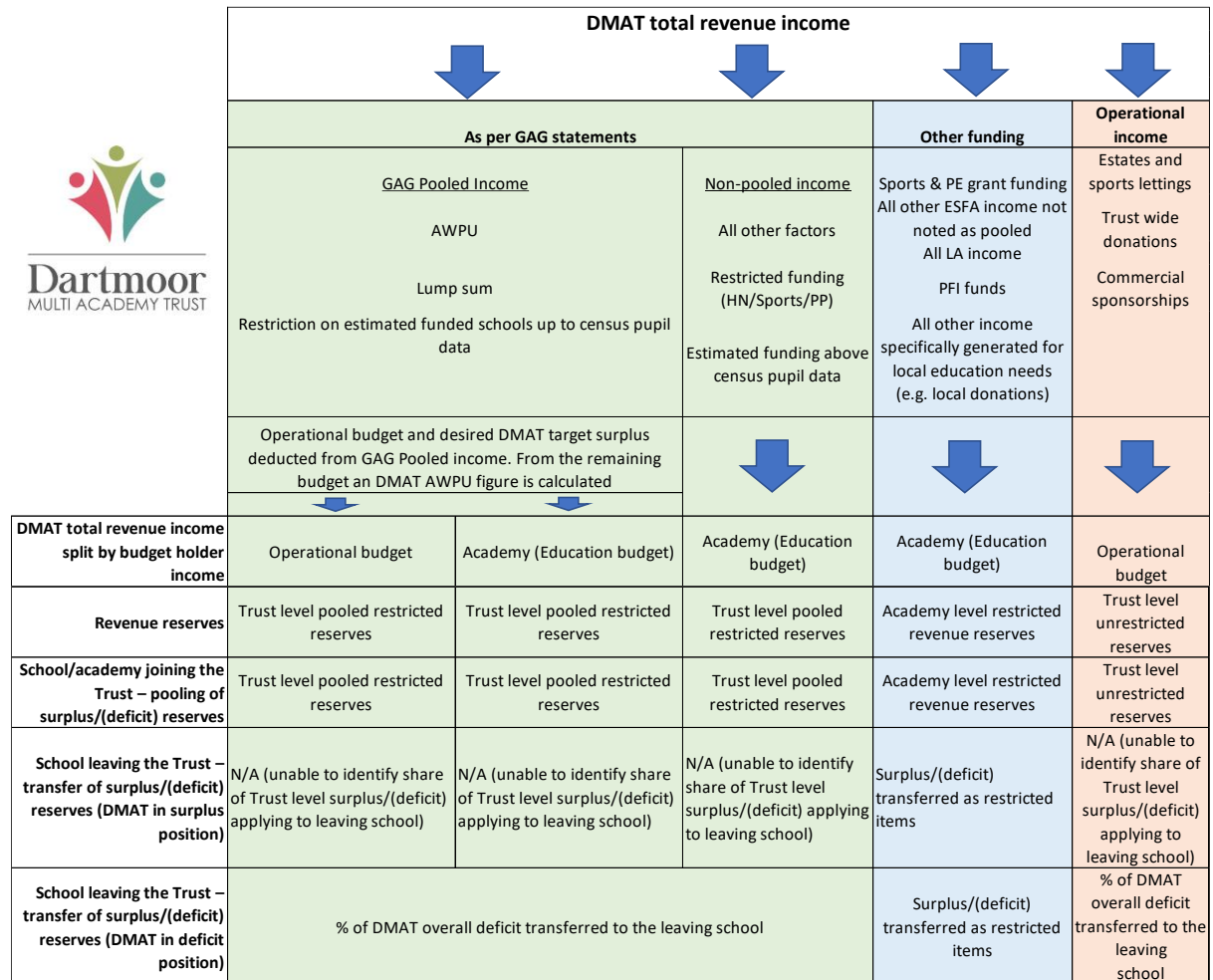
DMAT develops their estates and ICT vision linking to the capital funding elements and the educational vision to be achieved through the estate management strategy.

4. Revenue contributions to capital

Where, as part of the Estates and ICT Strategy DMAT, 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.



Appendix 1: GAG pooling flow chart



Appendix 2: Funds Breakdown Table

Pooled Funds	Non-Pooled Funds
GAG	Pupil Premium Grants
School Condition Allocation	SEN Element 3 (High Needs)
Devolved Formula Capital	SEN Element 2 Additional Funding (High Needs)
Commercial Sponsorships	Sport and PE Grant
Letting income	PFI Funding
Trust wide donations	Local Donations specific for schools, including PTA funds
	Ring fenced funds on legal or transfer document
	Local Authority Income school specific
	Estimated funding above census pupil data

Table: Pooled or Non-Pooled Income Fund