



Education Trust

Inspiring the individuals of today, for a better society tomorrow,
"Aspire, Belong, Collaborate"

POOLING POLICY

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INTRODUCTION

Under the provisions of the Academies Trust Handbook (ATH), 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.

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.



POLICIES

GAG Pooling Policy

i) Academies Trust Handbook - Pooling Guidance

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”

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) funding
- 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) – At such a time as the trust is large enough to qualify for such funding
- All other ESFA income not noted above
- All other LA income not noted above
- 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

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 CEO, CFO and Finance, Audit & Risk Committee of the Trust Board, alongside the funding allocation documentation to ensure that the 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, or in the case of the trust reserves being below target, into the trust reserves 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, the causes will be reviewed by the CEO, CFO and Finance, Audit and Risk Committee, and if required, could equate to a disciplinary matter, and will be addressed in line with the Disciplinary Policy.

iv) Appeals

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

“If a trust decides to pool GAG, it must consider the funding needs and allocations of each constituent academy. 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 Private Finance Initiative (PFI) funding, in accordance with its funding agreement.” (Section 5.31 – ATH 2024)

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



- Head of School 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 CEO, CFO and Chair of the Board's Finance, Audit and Risk Committee 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.
- Should the Head of School 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 Head of School 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.

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 CEO and CFO and monitored by the board of trustees.

The Trust will centrally hold all reserve funds, with the exception that management of funds that have specific restricted reserve conditions are administered by Heads of School.

Where there is a surplus reserve fund brought forward, the CEO and the board of trustees will direct the use of this surplus according to the identified and costed Improvement plans. (See Reserves Policy).

In year academy surpluses will be dealt with as described above.

Reserves Policy

Types of reserve

i. Unrestricted Reserves



Unrestricted Reserves (including Designated/Committed Reserves) are derived from income funds, grants or donations that can be spent at the discretion of the CEO in furtherance of any of RET'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 CEO's discretion to spend the fund. Unrestricted Reserves will be achieved through operational efficiencies and any trading activities undertaken by RET.

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.

ii. Restricted Reserves

Restricted Reserves may be restricted income funds, grants or donations that are to be for specific projects or purposes. The restricted reserves are by their very nature explicitly allocated to the Trust and no target reserve for this area 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 RET.

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. These could be whole Trust initiatives or school specific investment/improvements as identified in the Trust Plan. These could also result in restructuring costs.



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. These are reviewed annually and subject to approval by the Trustees.

These reserves should have no specific limit set on them but they should be reasonable for the purpose held and it must be agreed that they are used for the item for which they have been set aside and transferred to the uncommitted reserve if it is found they are not required. In order to establish that they are fit for purpose, there will be a review of balances at least annually.

iv. Pension Reserve

The risks surrounding RET'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 RET.

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

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

Management of Reserves

Reserves held in excess of the target percentage will be reviewed by the CEO, CFO & 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 RET 's objectives);
- assigning funds to appropriate designated reserves as may be determined by RET; or
- investing the funds to generate further income to allow expansion of RET'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 Finance 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.

Pooled brought forward reserves

On 31 August 2022, the Trust pooled 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

New schools/academies to RET and treatment

On conversion or transfer into the Trust, all revenue fund balances (surplus or deficit) that form part of the reserves pooling arrangement 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.

Schools/academies leaving RET 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.

Schools/academies leaving RET 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%.

Capital Funding Policy

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

Dfe Capital Funding

Riviera Education Trust receives devolved formula capital (DFC) which 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 Asset Management Plan (AMP).

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.

Estates and ICT vision


RET develops their estates and ICT vision linking to the capital funding elements and the educational vision to be achieved through the AMP.

Revenue contributions to capital

Where, as part of the AMP, RET 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

	RET Total Revenue Income				
	As per GAG statements			Other funding	Operational income
	GAG Pooled Income AWPU Lump sum Restriction on estimated funded schools up to census pupil data	Non-pooled income All other factors Restricted funding (HN / Sports /PP) Estimated funding above census pupil data	Sports & PE grant funding All other ESFA income not noted as pooled All LA income PFI funds All other local income (e.g. local donations)	Estates and sports lettings Trust wide donations Commercial sponsorships	
Operational budget and desired RET target surplus deducted from GAG pooled income. From the remaining budget a RET AWPU figure is calculated			↓	↓	↓
RET total revenue income split by budget holder income	Operational budget	Academy (Education budget)	Academy (Education budget)	Academy (Education budget)	Operational budget
Revenue reserves	Trust level pooled restricted reserves			Academy level restricted reserves	Trust level unrestricted reserves
School / academy joining the Trust – pooling of surplus (deficit) reserves	Trust level pooled restricted reserves			Academy level restricted reserves	Trust level unrestricted reserves
School / academy leaving the Trust – transfer of surplus / (deficit) reserves (RET in surplus position)	N/A (unable to identify share of surplus / (deficit) applying to leaving school)			Surplus / (deficit) transferred as restricted items	N/A (unable to identify share of surplus / (deficit) applying to leaving school)
School leaving the Trust – transfer of surplus / (deficit) reserves (RET in deficit position)	% of RET total deficit transferred to leaving school			Surplus / (deficit) transferred as restricted items	% of RET total deficit transferred to leaving school



DETAILS OF AMENDMENTS

September 2021

- Policy adopted.

September 2022

- Reviewed without changes.

May 2025

- Updated wording in section 5.30 and 5.31 of ATH 2024
- Updated definitions of reserve type
- Updated the process for reviewing unapproved revenue deficits
- Updated treatment of in-year surpluses if Trust is below reserve target
- Updated that management of funds that have specific restricted reserve conditions are administered by Heads of School, rather than Local Boards.

