

# THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST FINANCIAL POOLING POLICY

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## **1.0 Introduction**

The Academies Handbook states that a multi-academy trust has the freedom to amalgamate GAG funding for all its academies to form one central fund. This fund can then be used to meet the normal running costs at any of the academies within the trust. In addition, all multi-academy trusts must include an additional note to their financial statements giving details of any central charges that the trust made during the year.

It is therefore a requirement for Shropshire Gateway Educational Trust (SGET) to give individual consideration to the funding needs and allocations of each academy within the trust.

## **2.0 Purpose**

The purpose of this document is to provide an overview of SGET 's approach to delivering this requirement and describes the Trust's approach to central services and pooled resources.

## **3.0 Approach to Central Services and Pooled Resources**

An underlying principle of the Shropshire Gateway Educational Trust is partnership working and transparency. Through this principle the Trust believes that joint working can flourish with the ultimate aim of providing the highest level of education from Primary through to Secondary education, giving all students a gateway to a successful future.

The same principles have been applied to the pooling policy with the aim of ensuring that central costs are applied clearly, appropriately and equitably.

## **4.0 Responsibilities**

### **4.1 Board of Directors**

The Board of Directors has wide responsibilities defined under statute, regulations and the EFA. Full details are included within the Trust's Finance Policy.

#### 4.1 Heads' Board

The Heads' Board provides operational leadership within the organisational and advises the Board of Directors on strategic direction. This includes financial management and how resources into the Trust are received, pooled and distributed amongst member academies.

#### 4.2 Trust Business Manager/Finance Team

The Trust Business Manager and Finance Team work closely to support the operational and strategic direction set out by the Directors' and Heads' Boards. The Trust Business Manager and Finance Team will ensure that the allocation of Central Service costs, Trust Wide Contracts and Intra Trust Charges are coded to the appropriate nominal codes and cost centres in line with the Trust's Pooling Policy.

### 5.0 Central services provided to SGET academies by lead school.

There are two types of central service charges. The first charge reflects that Lacon Childe School, as lead school, co-ordinates and provides a number of these central services. The costs identified within this section relate to additional costs that have been incurred in order to support the running and development of the Multi Academy Trust. Services provided within this category are:

- Executive Head Leadership
- Trust Business Management
- Trust Estates and Facilities Management
- ICT Technical Support

5.1 Charges for these services are levied on the on the basis of each academy's GAG funding as a percentage of the Trust's whole GAG allocation. Gag funding is calculated on a number of pupils on roll as per January census figures. Other government grants (e.g. high needs SEN, Pupil Premium) are excluded from this calculation because these funding streams are intended to follow the pupils concerned to enhance provision of their education and therefore reflect the type of pupil rather than the number of pupils.

#### 5.2 Actual Charges for Central Services provided by lead school 2021/22

Lacon Childe School- pupil number	=	569	55.08%
Clee Hill Academy pupil number	=	130	12.58%
Cleobury Mortimer pupil number	=	241	23.33%
Stottesdon C of E primary pupil number	=	93	9%

### 5.3 Shared Services

The second central service charge relates to costs that are shared across all schools within the MAT. Example services provided within this category are detailed within the table 1 below, these are split using the same percentage calculations on pupil numbers. Other services table 2 are under shared contracts but specific to individual schools and costed as such

Table 1

Audit  
Legal support

Table 2

Payroll  
EWO  
Admissions  
FSM  
SIMS Support

### 6.0 Trust wide contracts awarded with the SGET

A function of the Heads' Board and Business Management Team is to work across the Trust to secure best value for money. This will be supported by a robust approach to procurement and ensuring that, wherever possible, any economies of scale available to the Trust are achieved.

When undertaking procurement activities the Trust will aim to ensure that costs analysis is provided at both Academy and Trust level. Where there is no detriment to the Trust and its ability to secure best price, the value of the contract or purchase of goods will be charged at cost to each academy. This will ensure that all academies will enjoy the benefits of scale but that the principle of transparency is achieved. Where it is not possible for cost analysis to be provided at academy level, the value of the service or goods will be included within the calculation for paragraph 5.3 of the Trust overheads.

No individual school will enter into any form of contract until consultation with the other schools within the trust has taken place. This will ensure that wherever possible economies of scale can be achieved.

### **6.1 Contracts within this category include (not intended to be definitive):**

- Education Improvement
- Insurance (non RPA)
- Licensing
- Finance Software Support
- Photocopier leasing

Because the costs associated with trust wide contracts do not form part of the central overhead charge and are passed through to each academy at cost, they will appear in accounts as an expense transaction. Details of how costs are calculated and the value of those costs is therefore not included within this policy.

### **7.0 Intra-Trust Charges**

Across the Trust each academy has a different range of human resources and skills. This policy recognises that other schools within the Trust may benefit from being able to access these additional resource. It is anticipated that when sharing resources there is likely to be an additional cost (e.g. additional hours' payment). Where this occurs it will result in an intra-trust charge; the cost of such charges will be based on the additional costs incurred by the academy providing the service.

Because the costs associated with trust wide contracts do not form part of the central overhead charge and are passed through to each academy at cost, they will appear in consolidated and nonconsolidated accounts as an expense transaction. Details of how costs are calculated and the value of those costs is therefore not included within this policy.

### **8.0 Budget Setting**

The Trust is required to submit a consolidated budget plan to the EFA by the 31<sup>st</sup> July of each year (end September 2021). In order to achieve this deadline, budget setting will be undertaken in each individual academy based on its GAG statement and individual circumstances to allow sufficient time for the consolidated plan to be approved by Directors in early July. Each individual budget plan will feed into the consolidated Trust budget plan for the forthcoming year.

The budget planning process will be a strategic three year rolling plan and will consider what resources are required to deliver education within each establishment. It will consider all income from government grants, other generated income, planned pay & non-pay expenditure over the full three year period. The process will ensure that any reduction or increase in allocation of funds

from one year to the next is transparent and is supported by clear rationale. The Heads Board (during June) will peer review budgets (of all trust schools) by using benchmarking tools (against similar schools). This will inform the recommendation of 3 year strategic budget planning or pooling of any surplus monies to Directors.

## **9.0 Contribution to reserves Fund**

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 the Reserves policy.

In 2021/22 a 1% of base budget has been applied consistently to all trust schools into the main reserve fund.

In 2021/22 a 0.75 of 1% of base budget has been applied consistently to all trust schools for absence insurance reserve.

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

## **10. In year reserves**

Academies are expected to manage their annual in year Income and expenditure budgets from the starting point of a balanced budget.

At the end of each financial year any surplus/ deficit GAG and unrestricted funds will be pooled to the Trust. Any deficit pooled will be reclaimed from the individual school in its following year budget and will be subject to scrutiny at Heads Board.

Surplus balances will be used to offset any loan taken from the trust subject to the terms and conditions agreed for the loan. Individual schools can reclaim their surplus when required for investment or revenue purposes at school level.

No ringfenced grants given for a specific purpose will be pooled. Surpluses on these will remain at school level.

## **11.0 Appeals**

If an academy's head teacher feels that the academy has been unfairly treated, they should first appeal to the Headteacher Board. If the grievance is not resolved, they can then appeal to the Trust's Board of Directors,

## **12.0 Implementation & Communication Plan**

The Trust’s Pooling Policy shall be monitored through the Heads’ Board and Implemented by the Trust Business Manager and Finance Team

**13. Further sources of information/references**

Academies Financial Handbook 2018 <https://www.gov.uk/government/publications/academies-financial-handbook>

**Equality impact assessment screening form**

**Appendix I**

<b>Section one: screening for impact</b>	
Name of policy	SGET Pooling Policy
Project lead completing assessment:	Gill Bradley
Position:	Trust Business Manager
<b>1. What is the main purpose of the strategy/project/policy?</b>	
Describes the SGET approach to pooling of resources	
<b>2. Who will be the main stakeholders/users of the policy? Please consider the impact of the policy on the different groups of stakeholder /users.</b>	
Board of Directors, Heads’ Board, Business Manager, Finance Team	
<b>3. Please enter in your start and proposed end dates of the assessment.</b>	
<b>4. Have you already consulted with people about this work? If yes, briefly describe what you did and with whom. Is there any external or additional research that you can use to support the development of this policy?</b>	
N/A	



5. Use the table to show:
- Where you think that the policy could have a negative impact on any of the equality strands, that is, it could disadvantage them – if no impact please note the evidence for this.
  - Where you think that the strategy/project/policy could have a positive impact on any of the groups or contribute to promoting equality, equal opportunities or improving relationships within equality characteristics.

	Positive impact	Negative impact	No impact	Reason and evidence (provide details of specific groups affected even for no impact)
<b>Age</b>			✓	Policy is concerned with financial management.
<b>Disability</b>			✓	Policy is concerned with financial management.
<b>Gender</b>			✓	Policy is concerned with financial management.
<b>Gender identity</b>			✓	Policy is concerned with financial management.
<b>Sexual orientation</b>			✓	Policy is concerned with financial management.
<b>Race</b>			✓	Policy is concerned with financial management.
<b>Religion or belief</b>			✓	Policy is concerned with financial management.

6. If you have indicated there is a negative impact on any group, is that impact:		
<b>Legal?</b> (not discriminatory under anti-discriminatory legislation)	Yes <input type="checkbox"/>	No <input type="checkbox"/>
<b>Intended?</b>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
<b>Level of impact?</b>	High <input type="checkbox"/>	Low <input type="checkbox"/>

If the negative impact is possibly discriminatory and not intended and/or of high impact you must complete a full equality impact assessment. If not, complete the rest of section one below.

7. Could you minimise or remove any negative impact that is of low significance? Could you add any additional action to have a positive impact rather than no impact?

Can be available in large print if required.

8. If there is no evidence that the strategy, project or policy promotes equality, equal opportunities or improved relations – could it be adapted so that it does? If so, explain how.

No

9. Please list the outcome following this equality impact assessment (this could be no changes, some changes, further work needed around particular groups or cease development of the policy).

Can be available in large print if required.

Signed:

Date:

