Spring Trust

No Barriers to Excellence

Ambition Collaboration Equity

Reserves and Financial Pooling Policy

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Reserves & Financial Pooling Policy

1.0 Introduction

The Academies Financial Handbook states that a Trust has the freedom to operate a system called GAG pooling. This is where the General Annual Grant (GAG) funding, and other public funding for all its schools form one central fund. This fund can then be used to meet the normal running costs at any of the schools within the Trust. This policy applies to all schools within the Trust. This policy has been written with reference to the Academies Financial Handbook (https://www.gov.uk/guidance/academies-financial-handbook) and shall not supersede guidance within the Handbook.

2.0 Purpose

This document provides an overview of The Spring Partnership Trust's (TSPT) approach to GAG (fund) pooling, central services and pooled resources. An underlying principle of TSPT 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 giving all pupils a gateway to a successful future.

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

3.0 Responsibilities

Board of Trustees

The Board of Trustees has wide responsibilities defined under statute, regulations and the ESFA. Full details are included within the Trust's Finance and Business manual.

The Executive team

The Executive team works closely to support the operational and strategic direction approved by the Board of Trustees. The Executive team will ensure that the allocation of Central service costs and trust wide contracts are coded to the appropriate nominal codes and cost centres in line with the Reserves and Fund Pooling Policy.

4.0 Central services provided to Spring Trust schools

All brought forward funds at year end will clear to the Trust central pooled funds.
The pooled funds will include GAG (including Free School Meals), Bulge funding, Teachers pay and pension grants, Capital funds (i.e. Devolved Formula Capital), Universal Infant Free School Meals (UIFSM), Nursery funding, Supplementary Grants, Mainstream School Additional Grants or new ESFA grants and school income generation.

Capital spend whether from Condition Improvement Funding or Devolved Formula Capital will be capitalised at school level but the brought forward and carry forward reserves will be pooled.

The Trust pools the funds of all academies with the following exceptions:

- Pupil Premium
- Ringfenced grants eg PE & Sports grant which can only be spent for the purpose they are intended
- Restricted Grants awarded to individual academies
- High ends SEND funding and ASD unit funding (GAG element)

All in year income generation will be transferred to central from September 2023. The executive will then apply a weighted formula based on pupil numbers and previous year income generation to agree where possible an allocation to each school as well as to investing in site maintenance or improving facilities to increase future income generation, but will equally be used to absorb any deficits incurred.

The Budgeting for PPG and PE grant will follow the Trust strategy which is set in collaboration with Headteachers. The spend strategy on these funds needs to be reported statutorily by each school.

The below services to schools shall be paid from the pooled fund income of all schools in the Trust:
Executive leadership
All Staffing structures, with the exception of staffing costs allocated to specific school funds.
Finance
Credit control
Business management
Trust Estates and Facilities management
IT support
Audit
Legal support
Payroll
HR
Procurement
Insurance
Licenses and subscriptions
Service level agreements for professional services
Operating leases
Marketing
Websites
Overheads
Catering
Support services

Income generated through Clubs, extended services, lettings and parental contributions for nurseries above funded hours will be reported at school level. Each school will be expected to re-invest income generated for the purpose of developing the strategic plan of the Trust. All the income generated will be held centrally and where possible an allocation based on the brought forward unrestricted funds calculated on a weighted formula will be reinvested at school level, it is expected that the improvement of income-generating facilities will be a priority. A formal spend request will be taken to the executive team according to a pre agreed timetable set before formal governance meetings. The approval of spend of this money will be managed as detailed in the

Scheme of Financial Delegation which means that spend over a defined limit will be considered by the Executive team or by Trustees.

5.0 Budget setting

The Trust is required to submit a consolidated budget plan to the ESFA via the Budget Forecast Return by the Summer term. Each Headteacher will put forward their requirements for staffing for the following academic year, based on the school's development plan. The staffing proposal will be evaluated by the Executive team to ensure the proposal meets the Trust KPIs and Heads will work with the Executive team to plan budgets.
The budget planning process will be a strategic three-year rolling plan and will consider what resources are required to deliver education within each school in line with the strategic plan for the Trust.

During the budgeting process, costs will be inflated to take into account a mixture of unbudgeted and inflationary increases. Any expenditure must be in line with the school development plan and the strategic direction of the Trust.

6.0 Appeals

If the Head of any Spring school feels that their school has been unfairly treated in terms of the budget allocation process, spend requests declined following a review by the Executive team or by any of the processes detailed above they should appeal, in writing, to the CEO who will make a decision within 5 working days. When appealing, the Head should detail the following:

- The reason they feel the allocation is inadequate or spend request is valid
- How much additional funding is required
- What the additional funding will be used for
- The impact on the school if the appeal is not upheld or the spend request not approved.

If the appeal is not resolved to the satisfaction of the Head, they should then contact the Clerk to Trustees who will either pass the appeal request onto FARCO or will form an Appeals panel of three Trustees. It is best practice that when considering curriculum expenditure, then one of the Trustees has the appropriate background. A representative from the Executive team and the relevant school Head will be asked to present to the Appeals panel, and the hearing and outcome recommendation should be minuted. The outcome will be communicated to the Head in writing by the Trust Clerk.

If the appeal is still not resolved to the satisfaction of the Head, the final recourse available is to appeal in writing via the ESFA to the Secretary of State. The Secretary of State's decision is final and can dis-apply the provisions for pooling.

7.0 Reserves funds

The Trust must take into account the need to ensure sufficient resources to meet unexpected financial demands. It must also ensure that as much grant funding as possible is used for the benefit of current pupils and so should not result in excessive reserves being held.

The Board of Trustees is responsible for determining the level of financial reserves to be carried forward at the end of any financial year (31st August).

The Trust shall ensure that it has Unrestricted Reserves of a minimum of £50,000 at all times.

Trustees are intending to increase this minimum and aim for an amount in line with a more sector appropriate approach such as 5% of the General Annual Grant.

This figure has been set to allow for contingencies in insurance excess payments following advice from our insurance brokers.

The Trust will try to match income with expenditure in the current year and will only carry forward reserves that it considers are necessary for future year's expenditure having regard for:

- The Trust Strategic Plan
- Forecasts of levels of income in future years
- Forecasts for expenditure in future years
- Analysis of any further development needs and opportunities that could not be met out of annual income
- Analysis and forecast of cashflow and fund management

The approval of spend of any reserve funds must be considered by the Trustees and will be managed as detailed in the Scheme of Financial Delegation. A reserves spend request application must be submitted to the Trustees by a member of the Executive team and any expenditure must be in line with the strategic direction of the Trust.

The Trust Board may also choose to build up reserves in excess of this amount in order to fund a specific project. In this case, the funds would remain unrestricted, but would be designated with a clear intention of their use.

The Board will keep the minimum amounts under review. To the extent that it considers that reserves need to increase, it may decide to do so over a number of years rather than funding immediately. Similarly, if unrestricted funds held in reserve are used, a period of time will be allowed to restore them to minimum levels (to be determined by the Board).

8.0 Rationale for Management of Reserves

There are two types of financial shock against which the Trust needs to hold reserves:

1. Liquidity: a cash strain caused by either:
   a. a delay in funding, from the ESFA and other sources of income; or
   a. an insured event that the Trust must pay for initially before reclaiming from insurers.

A late payment of the GAG and other sources of income would leave the Trust having to pay unavoidable running expenses until the funding arrived. Alternatively, a large insured event may have to be paid for initially by the Trust before reclaiming the amount from the insurer at a later date. These events have an impact on cash in the short-term, but there is no impact on unrestricted funds.

2. Capital: a large uninsured event, which the Trust has to pay for outright and which would reduce unrestricted funds.

These events are unlikely to occur, but it is prudent to hold cash and funds to cover a reasonable estimate of the largest financial impact. It is possible that both scenarios will occur simultaneously, but this has been deemed to be sufficiently unlikely that the Board have decided that holding reserves to cover both would be excessive when considered against the duty to use funding for the benefit of current pupils.

Spring Trust

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