

# THE SHROPSHIRE GATEWAY EDUCATIONAL TRUST FINANCIAL POOLING POLICY

<b>Author</b>	<b>Gill Bradley</b>
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## Amendments

5.0 removed resulting in renumbering throughout

7.0 details of central services SLA added

8.0 contribution to reserves percentages updated

09. In year reserves retained at school level sentence amended to reflect school ring fencing

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### **1. 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.

### **2. 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. 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.

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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. Responsibilities**

##### **4.1 Heads' Board**

The Heads' Board provides operational leadership within the organisation 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 Head of Finance, Business and Operations**

The Trust Head of Finance, Business and Operations works closely to support the operational and strategic direction set out by the Directors' and Heads' Board and 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 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.

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.

Contracts within this category could include (not intended to be definitive):

- Education Improvement
- Trustwide 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.

#### **6.0 Intra-Trust Charges**

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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 this 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.

An example of this would be minibus driving.

## **7.0 Budget Setting**

The Trust is required to submit a consolidated budget plan to the EFA by the end of August of each year. 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.

At budget setting time a detailed central services service level agreement will be shared at Heads Board for scrutiny and will identify central staffing costs and centrally negotiated service costs. An annual review will determine the method of sharing the central service costs. For 2024/25 an average calculation has been used between the pupil number calculation and the flat rate percentage of income calculation. This will be reviewed annually.

## **8.0 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 2024/25 a 1.5% of base budget is budgeted to be applied consistently to all trust schools into the main reserve fund.

In 2024/25 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.

## **9. In year reserves**

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

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At the end of each financial year any surplus/ deficit GAG and unrestricted funds will be retained at school level. Any deficit 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.

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

### **10.0 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,