An Daras Multi Academy Trust

GAG Pooling and Reserves Policy

The An Daras Multi Academy Trust (ADMAT) Company

An Exempt Charity Limited by Guarantee

Company Number 08156955

Status: Approved	
Recommended	
Statutory	Yes
Adopted v1.0	**March 2024**
Reviewed	**15th July 2026**
Next Review	**July 2027**
Advisory Committee	Full Board
Linked Documents and Policies	Academy Trust Handbook

Definitions

ATH – Academies Trust Handbook
CEO – Chief Executive Officer
CFO - Chief Financial Officer
GAG – General Annual Grant
MAT – Multi Academy Trust

Introduction

Under the Academy Trust Handbook, Multi Academy Trusts can amalgamate GAG funding for its academies to create one central fund. The MAT must address the management of financial risk across the Trust, and whilst maintaining the necessary reserves, make sure existing pupils are not deprived by unnecessary retention of excessive reserves.

Guidance on reserve policies and their reporting requirements is contained in the Education Funding Agencies (EFA) annual Academies Accounts Direction.

Where reserves are held, it is a requirement of the charity accounting regulations that charity trustees must state their reserves policy in their annual report. Further details may be found in Accounting and Reporting by Charities: Statement of Recommended Practice 2005 (Updated 2008); commonly referred to as the Charity SORP. Academy schools as exempt charities must comply with these regulations.

An Daras Multi Academy Trust Board of Directors have decided not to implement GAG pooling in its entirety but adapt to pool GAG funds remaining at the end of the academic year.

As a Trust this will mean we must consider the needs of individual schools and put in place a mechanism whereby schools can apply to use free funds available outside of the reserve policy of 2% of funding.

An appeals process will be in place alongside the GAG reserves pooling.

GAG reserves pooling policy

The Academy Trust Handbook allows 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.*

Restricted funds remaining at the end of an academic year will not be rolled into the central reserves but instead be carried forward by school. These will include the following (this list is not exhaustive)

- Pupil premium
- Sports and PE funding
- School Led Tutoring
- Government Catchup Grants
- Individual school raised donations and grants

Capital investment using reserves

Schools may make requests for capital and maintenance against the central reserves, each request will be reviewed by the CEO and CFO then if it aligns with the Trust vision will be taken to the Board of Directors for discussion and subsequent approval. This will be assessed and decided on a case by case basis.

Requests will be prioritised by emergency works, health and safety, Sustainability and measured against the condition surveys of the Trust.

Treatment of in-year surplus / deficit generated

In-year surplus

Where an academy generates an in-year surplus, excluding the funding streams mentioned above, this will be transferred to the central reserves. If the school is rolling part of the GAG forward for a specific area, this must be agreed with the CEO and CFO.

In-year deficit

Where a school generates and in-year deficit, the school will need to confirm to the CEO and CFO how this arose and whether it was by poor budget management or an unforeseen expense.

A decision will be made as to whether this will be funded by reserves or will be required to be funded out of the following year budget. Additionally, if required this will be dealt with through the An Daras performance management process.

Appeals

The ATH stipulates that the MAT must have in place an appeals process to allow schools the right to challenge in-year surplus being swept into the central reserve.

The process for a school to appeal is as follows:

- Head Teacher or Executive Head write to the CEO stating why they feel they have been unfairly treated and how they expect the Trust to correct the position.
- The CEO and CFO will review the appeal and reply within 10 days of receipt of the appeal.
- If the Head Teacher or Executive Head still feel aggrieved by the decision, they have the right to write to the Chair of the Finance Committee, this will be reviewed at the next Finance Committee meeting and a response given 10 days after this meeting.
- If the school still feel it has been treated unfairly it has the right to appeal to the Secretary of State. This decision will be final.

Reserves policy

The directors review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The directors will always try to match income with expenditure in the current year (set and manage a balanced budget) and will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the pupils.

The directors have determined that the appropriate level of free reserves should be equivalent to 2% of revenue and a Trust Risk Register fund of up to 10% of the reserve to help mitigate highly rated risk areas identified through Trust risk management procedure. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long-term sickness where unforeseen costs are incurred.

The Trust will monitor the level of reserves to ensure they are maintained at the required level. In the event they are partly used the Academy will strive to rebuild free reserves up to the level needed. The Trust will only accumulate reserves to ensure the vision and aims of the Trust can be met.

Treatment of Reserves in the event an Academy leaves the Trust

If an Academy decided to leave the Trust, the Board of Directors will agree the level of reserves to relating to the Academy on departure based on a percentage of the Academy's GAG income.

This will consider the in-year deficit position of the Academy in each of the preceding three years.