

We are an **ambitious** and **inclusive** Trust of schools
strengthening communities through **excellent** education.



Collective Resourcing and Reserves Policy

Responsibility for approval: Board of Trustees
Date of approval: 24/05/2023

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1.0 Policy statement

- 1.1 The Trust has one core purpose: ‘to transform lives and strengthen our communities to make the world a better place’.
- 1.2 We ensure this through:
 - effective structures, systems and processes and,
 - empowering leaders, building leadership capacity and capability.
- 1.3 Our behaviours are characterised as: selfless, ambitious and collaborative.
- 1.4 The Trust embraces collaborative working, seeking to ensure a fair and informed allocation of resources to our family of schools taking account of their needs (student and school improvement). This policy underpins the Trust’s Resource Allocation Model (RAM).

2.0 Scope and purpose

- 2.1 The aim of collective resourcing is to allocate resources to facilitate the delivery of teaching and other activities. Effective models of resource allocation are essential to the good management of our Trust and enable headteachers and other budget managers to understand what activity is viable and sustainable, and what is not. Through collective resourcing we aim to:
 - make more effective, evidence-based decisions about the Trust’s strategic and operational priorities,
 - build capacity to support strategic alignment, collaboration and medium-term investment,
 - support schools by building awareness of the costs of provision,
 - optimise value for money and,
 - ensure excellent outcomes for every child, by recognising local contexts, funding perversities and addressing growth.
- 2.2 The Trust recognises that the basis of funding may require revision from year to year, to ensure this remains appropriate and aligned to the vision and mission. This policy is subject to annual revision.

3.0 Definition

- 3.1 For the purpose of this document, The Ted Wragg Multi Academy Trust is referred to as the **Trust**.
- 3.2 **GAG** is the general annual grant, and the main source of funding academies receive each year.
- 3.3 The **RAM** refers to the Trust’s Resource Allocation Model, which provides an indicative allocation of resources to each Trust school to inform strategic and operational decisions. The purpose of the RAM is to act as a ‘conversation starter’.

4.0 Collective resourcing (framework)

- 4.1 Under the provisions of the Academy Trust Handbook (ATH), a trust with multiple academies can amalgamate General Annual Grant (GAG) for its academies to form one central fund. This can be used to meet the running costs at any constituent academy within the trust. (ATH 2021: paras 5.30 and 5.31 refer).
- 4.2 The ATH directs that the trust must consider the funding needs and allocations of each constituent academy and must have an appeals mechanism.
- 4.3 This policy sets out how the Ted Wragg Multi-Academy Trust administers collective resourcing.

5.0 Reserves (general principles)

- 5.1 The Trust holds a prudent level of resources designed to meet long-term cyclical needs of renewal, development plan aims, and unforeseen contingencies. The reserves:
 - provide financial comfort within the currently unpredictable financial environment,
 - support cashflow requirements and,

- are available for approved capital procurement and / or non-recurrent priorities in line with the Scheme of Delegation.
- 5.2 The reserves restrict the impact of risk to continuing operations.
- 5.3 The reserves policy and the establishment of ranges is based upon an annual risk assessment of the internal and external operating environment, alongside the current priorities of the Trust for its beneficiaries.

6.0 Funds available for collective resourcing

- 6.1 This policy applies to all of the academies within the Trust. The policy is based on our desire to:
- ensure every child receives a world-class education,
 - address funding perversities and,
 - ensure the highest possible standards where necessary through targeted or intensive support.
- 6.2 Elements of resource that are considered are as follows:
- **School condition allocation:** this is held centrally and deployed in accordance with building condition and other strategic estates priorities.
 - **Capital funds for IT:** Funds are allocated at school-level but spent over five to ten years by agreement with the Head of IT & Digital.
 - **Grant income:** The Trust will consider the funding needs and allocations of each academy, with an appeal process as outlined within this policy document. During the budgeting process each year, each constituent academy and operational function will propose a budget, which will be scrutinised by the Senior Executive. The budgets will be reviewed in the light of 'efficiency metrics' (average class size, teacher contact time, average staff cost), the needs of students and the support needed. The Senior Executive will ensure budgets are set in line with priorities.
- 6.3 The annual budget process includes the agreement of the Trust's central and school improvement budget. These budgets include funds dedicated 100% to trust-wide initiatives and strategic projects. Budget allocations will be decided upon by the Senior Executive, in association with Education and Business Directors, the Education Committee, and the Education Scrutiny and Inclusion & Social Justice Panel. The central budgets will be a 'first call' on academies revenue budgets.
- 6.4 IT staffing and infrastructure will be centrally managed, and costs allocated to schools based on 'cost drivers', through the Resource Allocation Model. The Head of IT & Digital will ensure in-school technician support.

7.0 The Trust's Resource Allocation Model

- 7.1 The Resource Allocation Model (RAM) for 2023/24 is used only as a conversation starter, to provide an indicative resource allocation of funds to each Academy School. The final allocation is determined by the Executive and may include draw-down of reserves, e.g. to support school improvement.
- 7.2 The core principle underlying the RAM is to help '**intentional decision-making**'.
- 7.3 The RAM operates as follows:
- Schools receive a core allocation in line with the ESFA allocation of grant, based on the expected numbers of students in the upcoming financial year.
 - PFI funding is not pooled (ghost-funding for unfilled student places). This is a requirement of the Academy Trust Handbook.
 - Energy costs are paid centrally, but deducted from the overall resource allocation, based on volume x the 'average cost' per Kwh. This adjusts for the wide range of pricing currently experienced by schools. School charges will be reviewed for volume changes in-year to promote accountability.
 - IT costs are driven by weighted pupil numbers (primary 0.77, secondary 1.00, sixth-form 0.70).
 - Education and welfare costs are paid centrally but allocated against resources allocated, based on likely need.
 - Specific costs, e.g. Sparx, are allocated directly against the school driving costs.

- Agreed contributions are made for resources provided by schools for school improvement, notably Marine Academy Primary.

8.0 Treatment of in-year surpluses and deficits

- 8.1 Once budgets are agreed (as informed through the Resource Allocation Model), each school will be given sufficient funding to break-even. This brings complete transparency and will help understanding.
- 8.2 The following treatments apply to surpluses and deficits:
- **In-year revenue surplus:** Where a constituent academy generates an in-year surplus, the Headteacher may request virement, e.g. to support non-recurrent expenditure or a capital project. Agreement will be subject to the Trust's overall financial position and accumulated reserves.
 - **In-year revenue deficit:** Where a constituent academy generates an in-year deficit, the academy will need to confirm to the **Senior Executive** how the revenue deficit arose (i.e. via unanticipated events or poor budget management). 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.
 - **Approved revenue deficit:** Where the Trust has formally approved additional expenditure following the approval of the budget, the revenue deficit will be dealt with in line with that agreement.
 - **Unapproved revenue deficit:** Where the Trust has not formally approved a deficit, the causes will be reviewed by the Senior Executive, and if required dealt with through the Trust's performance management process.

9.0 Appeals

- 9.1 The Academy Trust Handbook stipulates that there must be an appeal process in place for constituent academies:
 'The Trust must consider the funding needs and allocations of each constituent academy, and must have an appeals mechanism. If a constituent academy's principal feels the academy has been unfairly treated, they should appeal to the trust. If the grievance is not resolved, they can appeal to the Secretary of State, via ESFA. Where ESFA receives an appeal, it will review the process that the trust has followed, including whether the trust has considered the funding needs of the constituent academy, and whether the trust's internal appeals process has been applied. ESFA will provide the constituent academy and the trust with the opportunity to provide any evidence they feel is relevant to the case. ESFA's decision will be final and can result in the pooling provisions being dis-applied'. (paras 5.30 and 5.31 refer).
- 9.2 The process for a constituent academy to appeal is as follows:
- Principal (Headteacher) to write to the Chief Executive Officer (CEO) outlining why the academy has been unfairly treated and expected action.
 - The Senior Executive will review each academy appeal on an individual academy and Trust-wide basis and reply to the constituent academy within 10 days of receipt.
 - Should the Principal/Headteacher feel that their academy has still been unfairly treated, they have the right to appeal through the Finance & Resources Committee. The Finance & Resources Committee will discuss this at the next meeting, making a recommendation to the Trust Board. The Trust Board will respond within 10 days of meeting.
 - Should the Principal/Headteacher still feel that their school has been unfairly treated, they have the right to appeal to the Secretary of State. The decision by the Secretary of State will be final.

10.0 Reserves policy

Unrestricted Reserves

- 10.1 Unrestricted Reserves (including Designated Reserves) are derived from income funds, grants or donations that can be spent at the discretion of the Senior Executive Team in furtherance of the Trust's objectives.

- 10.2 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 Executive's discretion to spend the fund. Unrestricted reserves will be achieved through operational efficiencies and any trading activities undertaken by the Trust.
- 10.3 Unrestricted Reserves are generally defined as funds held after excluding the following:
- Endowment funds (permanent & expendable).
 - Restricted funds.
 - Funds that can only be generated on the sale of fixed assets used for charitable purposes.

Restricted Reserves

- 10.4 Restricted reserves may be restricted income funds, grants or donations that are spent at the discretion of the Executive in furtherance of some particular aspect(s) of the objects of the Trust; or where the nature of expenditure has been defined by the donor; or they may be endowment funds, where the funds or assets are required to be invested or retained for actual use, rather than spent.
- 10.5 Restricted reserves are only available for expenditure once the Trust has met its commitments and other planned expenditure and in accordance with the limitations outlined in the original funding.
- 10.6 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 Trust objectives.
- 10.7 The cumulative target range for restricted and unrestricted reserves has been established at between 4% and 7% of total Trust income (£3.6m to £6.3m), excluding designations.

Designated Reserves

- 10.8 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. The Trust currently has designated reserves for the replacement of 3G carpets, and for Matford Brook Academy capital enhancements.
- 10.9 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.

Pension Reserve

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

11.0 Management of reserves

- 11.1 Reserves held in excess of the target percentage will be reviewed by the Senior Executive and Trustees on a regular basis. Reserve use is strictly by application, and for non-recurrent or capital purposes only. Applications are subject to the Trust not falling below the 4% minimum threshold.
- 11.2 Retained reserves will be invested to generate further income to allow expansion of the Trust's work.
- 11.3 The Trust will not pool historic reserves or those of joiner schools, but academies will be expected to apply these, prior to bidding for central capital funds. Use is restricted line with the above Trust-level parameters (i.e. corporate reserves shall not fall below 4%).

12.0 Legal Framework

- 12.1 This policy will be reviewed by Finance & Resources Committee annually.