



Pooled General Annual Grant (GAG) Reserves Policy

Version Control

Version	Date	Author	Changes Made
1.0	19/10/2023	Sarah Bagshaw & Carol Mee	New Policy
1.1	19/11/2025	Sarah Bagshaw & Carol Mee	Policy reviewed for cosmetic and sense check including: ☐ Replaced ESFA with DfE
1.2	21/09/2026	Sarah Bagshaw & Carol Mee	Policy reviewed – added page numbers

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1. Introduction

This document aims to establish a formal approach by which the Trust will pool restricted and unrestricted General Annual Grant reserves (referred to below as GAG reserves) which is allowable under provisions within the Academy Trust Handbook.

2. What are GAG reserves?

GAG reserves represent the following elements:

- The difference over time between income and expenditure (excluding capital grants and capital expenditure and pension provisions).
- The impact from GAG reserve transfers into or out of the Trust associated with academies joining or leaving the Trust.

The Trust defines available reserves as:

Total reserves before fixed assets but after adjusting for pension.

The Trust also ring-fences the equivalent of one month's wages and monthly creditors as per their reserve policy outside of funds available for GAG pooling.

3. Pooling GAG Reserves

3.1 Policy

- ☐ **In year GAG** - Each Academy retain their own GAG funding and continue to pay a recharge to cover central services from this GAG as per the Financial Scheme of Delegation.
- ☐ **Retained Reserves** – Each Academy pool their surplus/deficit reserves.

3.2 Rationale

- 3.2.1 Without pooling reserves the Trust could not function, as schools with negative reserves could not access required resources. The Trust has in practice significant reserves and has so for several years to function and to meet the prime financial goal: to remain financially sustainable.
- 3.2.2 There is a risk to Trust reserves should a school with high reserves leave the Trust. For example, if certain schools left, the whole Trust would immediately lose all cumulative GAG reserves. This policy formally mitigates the Trust position to date, as the likelihood of this risk has been low and remains so.
- 3.2.3 Pooling reserves simplifies reporting of GAG reserves within various submissions to the DfE, reporting only the aggregate position, not each school's position.
- 3.2.4 Pooling of GAG reserves relates to only the end of year surpluses and deficits arising and carried forward; pooling of in year GAG income is not proposed. A large element of GAG income comprises several elements which can be termed 'deprivation funding'. This is a highly variable position by school, reflecting the comparative socio-economic contexts of the schools. To pool in year GAG income would require either these income levels being pooled or ring-fenced; either way the result would be overly onerous on some schools and greatly benefitting others.
- 3.2.5 The value of reserves subject to pooling will be determined via the annual audited statutory accounts.

3.3 Commencement date

3.3.1 The commencement date of this policy is 1st September 2024

3.4 Arrangements on transfer

- 3.4.1 Upon joining the Trust, the GAG reserves associated with the joining school, if a positive cumulative GAG reserve, will become part of the Trust's GAG reserve resource and remain so whilst the school is a member of the Trust.
- 3.4.2 If the joining school has a negative cumulative GAG reserve, the Trust will determine, based on the reason and size of deficit if this is to be repaid over time to the Trust or if the deficit is written off.
- 3.4.3 On leaving, the school's GAG reserves will be deemed to be £nil.

3.5 Financial reporting

Leadership is to receive monthly management accounts detailing Trust's GAG reserves position, set out in agreed formats.

3.6 Right of Appeal

- 3.6.1 The Headteacher will have the right to appeal directly to the Trust Board if they feel their school has been treated unfairly by the proposed Reserve Pooling policy.
- 3.6.2 Should the Headteacher still feel their school has been unfairly treated by the Trust Board they would have the right to appeal directly to the Secretary of State. The decision of the Secretary of State would be final.
- 3.6.3 Right of appeal is required under the Academy Trust Handbook and this policy follows the suggested route map.