

DRIVING SUSTAINABLE GROWTH IN MULTI-ACADEMY TRUSTS

Pros and cons of GAG pooling

General annual grant (GAG) pooling is used by MATs to distribute money to their schools rather than top slicing. What are the benefits and challenges?

The principles that underpin formal collaboration, like that found in a multi-academy trust (MAT), include:

- fairness
- equality of opportunity
- community
- aggregation of effort
- removing duplication (such as work processes)
- centralising functions and services to free up front-line resources and capacity
- reaching economies of scale.

Schools making the choice whether to join a MAT, or those already in one, need to believe in the vision, values and ethos of the MAT for collaboration to be successful. As the legal entity and owner of all funds in the organisation, the MAT can choose whether to take a top slice of individual school budgets or to pool funds and allocate to schools.

What is GAG pooling?

General annual grant (GAG) pooling is increasingly being explored by MATs as a way of distributing funds across schools. A proportion of GAG is amalgamated into a central fund for all academies in a MAT and redistributed to individual schools as appropriate.

The [Academies Financial Handbook](#) provides formal guidance, including the requirement for MATs to have an appeals mechanism in place.



GAG pooling is an alternative to top-slicing, where MATs take a percentage of income (usually between three and five percent) from their schools' budgets to fund their operational costs. This money goes towards paying the central team and providing central services such as school improvement, HR, IT and finance.

The amount top-sliced is a big factor for schools deciding whether to join a MAT, but the top slice isn't guaranteed to stay the same. Where MATs struggle to balance their central costs, they may be forced to increase the top slice from their schools, potentially making them less appealing to schools they try and attract.

GAG pooling allows MATs the discretion to offer more financial support to weaker schools, as long as leaders in individual schools are on board with this way of allocating funds and widen their thinking from looking after pupils in one school to all those across the MAT.

Benefits

- GAG pooling gives trusts the freedom to allocate their funds how they best see fit.
- Successful GAG pooling can achieve a strategic, needs-led approach to resourcing, promoting the ethos of one trust looking after all pupils' interests.
- It can give confidence to constituent academies that they will receive help in the future if needed, strengthening the sense of collaboration.
- Targets funding to areas of greatest identified need.
- Offers greater flexibility to respond to specific needs in individual academies, compared to top slicing.
- May help trusts in financial difficulty, strengthening their financial sustainability.
- A shared belief of an 'all in this together' mantra: the strongest will help the weakest.

Challenges

- High-performing schools may resist the loss of autonomy and control over their finances.
- There may be a fear among schools that all their reserves would disappear.



- Pooling is much harder to achieve if all academies are under financial pressure.
- It requires everyone to be satisfied that all schools within the trust are working efficiently.
- Weakens accountability in individual academies, enabling those with poor leadership to blame the removal of resources.
- It may cause resentment within the MAT e.g. a school may feel penalised for being efficient or be critical of another that gets extra funding because of poorly managed budgets.

Culture change

The nature of schools in a MAT is a major factor in whether pooling will work. Schools may be put off by GAG pooling and see it as the MAT ‘taking their funds’, in which case a significant change in culture will be needed to combat this thinking.

GAG pooling is undoubtedly easier where failing schools have joined and must accept the terms and conditions of the MAT. Pooling funds requires schools to accept joint responsibility for all pupils across the MAT, rather than just their own.

Therefore, when in a MAT, the mindset needs to be of serving a community of learners and schools need to move away from a culture where they operate as islands.

What will help successful implementation?

The most important features of successful GAG pooling are openness, transparency and trust in distributing funds. It is essential to have an objective set of criteria for collecting and allocating funding – one that everyone understands and believes is fair.

Ethical leadership is central to gag pooling working fairly. The reason for doing it would be if, in your context, it is the best way to get resources to all schools to improve provision, and those most in need where required.



MATs who pool funds should have a clear policy in place, agreed with all schools, which states the rationale and purpose of pooling. There should be robust measures in place to monitor and evaluate the impact of spend and review processes. MATs must also be able to justify spend decisions and have a process for appeals in place.

Individual schools in the MAT need to acknowledge that the trust is the legal entity and owner of all the funds. They need to see and believe in the value in supporting each other for the good of pupils across the whole MAT to be happy with the GAG pooling approach.

How are pooled funds used?

This depends on several factors including how much of it is pooled and the vision and strategy of the MAT. Outside of school allocation the money can be used to:

- support financially weaker schools in the MAT
- create a contingency for cashflow, unforeseen emergency costs, building maintenance etc.
- increase central resource to achieve efficiencies
- fund projects cross-MAT to support improvement and build capacity.

Pool or top slice?

Whether MATs top slice or pool funds is an important factor in deciding whether to join a MAT but there are other, perhaps more important, factors too. Schools need to be certain that the values, culture and ethos of the MAT aligns with their own, and that they are happy with the support being offered in return for their top slice or pooled funds.

Joining a MAT is the start of a long-term partnership, so aligning vision and beliefs are key to a successful arrangement. Schools want to feel secure and represented in a MAT and the MAT takes on responsibility for this when schools join.



Open communication and transparency about how funding is allocated, and why, is crucial in the GAG pooling process. MAT leaders need to work with headteachers to discuss and agree distribution of funds to ensure that it is done successfully.

Adapted from the workshop delivered by Stephen Morales at the MATs Summit.