



Insight report

GAG Pooling & Centralisation in MATs:

2024 Update

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Introduction

IMP Software and CJK Associates have partnered to conduct a survey exploring how Multi-Academy Trusts (MATs) are evolving their approaches to needs-based budgeting.

The survey is designed to uncover the latest insights around how MAT operations are being managed, current and desired future plans around centralising functions, pooling reserves and General Annual Grant (GAG), and financial models being utilised by trusts which are already GAG pooling. It also gathers perspectives on the reported and expected benefits of GAG pooling, the reasons for doing this, and advice on consultation, piloting and implementation.

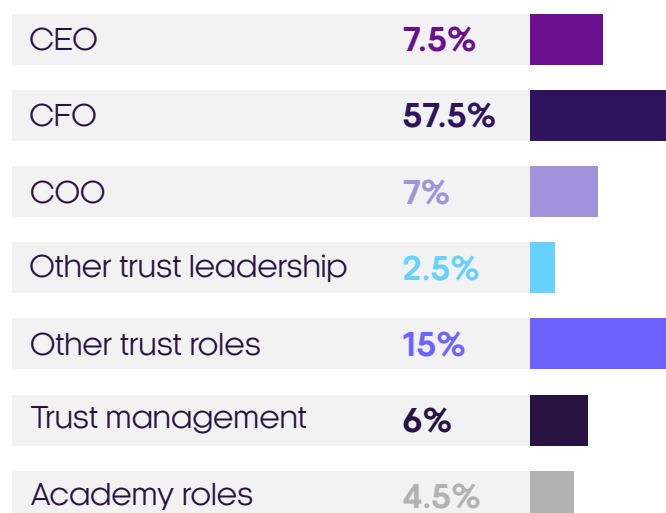
GAG pooling, as a financial model, has long been debated in the sector. However, the definition of GAG pooling has evolved in the past two versions of the Academy Trust Handbook. In 2022, it was described as: “A trust with multiple academies can amalgamate GAG for its academies to form one central fund. This can be used to meet the running costs at any constituent academy within the trust.”

Yet in the 2023 version, the description is extended to read: “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.”

This is a major change within the space of a year and indicates the growing sense from the Department for Education (DfE) Education and Skills Funding Agency (ESFA) that GAG pooling can be a powerful force to ensure that resources are allocated upon need.

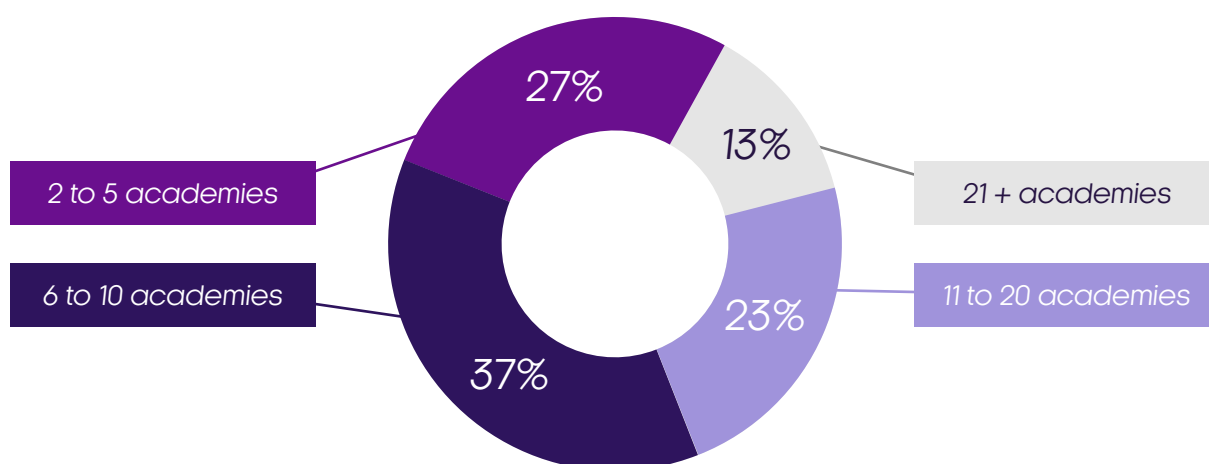
In November and December 2023, 155 MAT representatives covering trusts of all sizes across England responded to our needs-based budgeting survey. The following is a summary report highlighting responses, quantitative and qualitative, to key questions.

Role title of respondent



155
Survey
Responses

Proportion of trusts of different sizes covered by the Survey *(by number of academies)*



Centralising operations

IT, Finance and HR are the most likely functions to have fully centralised line management arrangements, at around 55% to 60% of trusts. Facilities and Safeguarding are more likely to have a mix of central and local management, and Safeguarding is also most likely to have local operation teams line-managed by school leadership.

MATs showed the strongest intent to further centralise IT, Procurement and Finance.

The Schools White Paper, published in 2022, outlined how “strong trusts” achieve economies of scale. Centralising functions supports the ability of trusts to deliver their priorities quicker.

How trust operations are managed

Finance

Teams are managed centrally, even those based on school sites



A mix of local and central management



All local operation teams are line-managed by school leadership



Procurement

Teams are managed centrally, even those based on school sites



A mix of local and central management



All local operation teams are line-managed by school leadership



HR

Teams are managed centrally, even those based on school sites



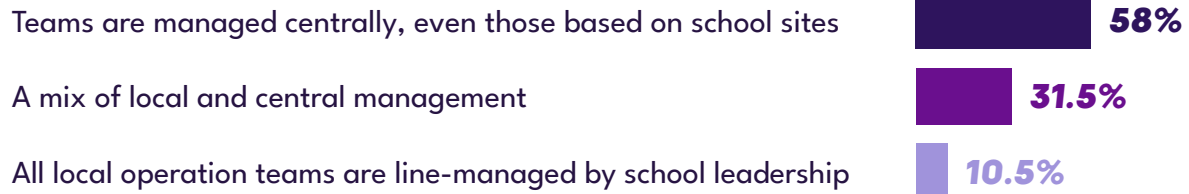
A mix of local and central management



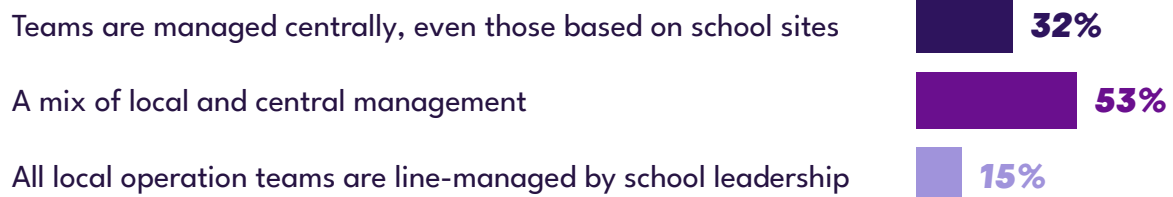
All local operation teams are line-managed by school leadership



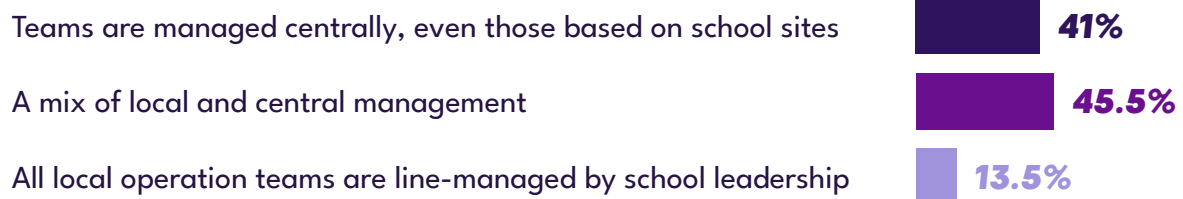
IT



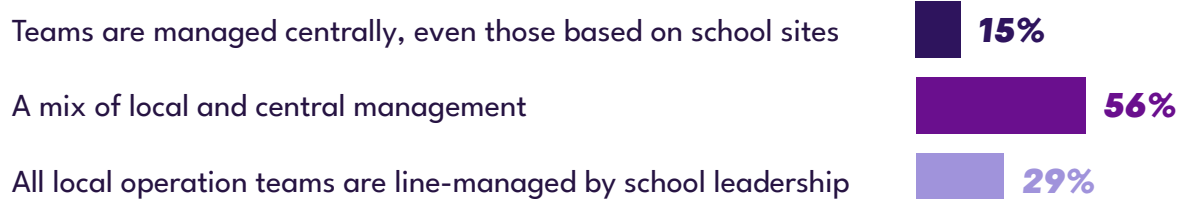
Facilities



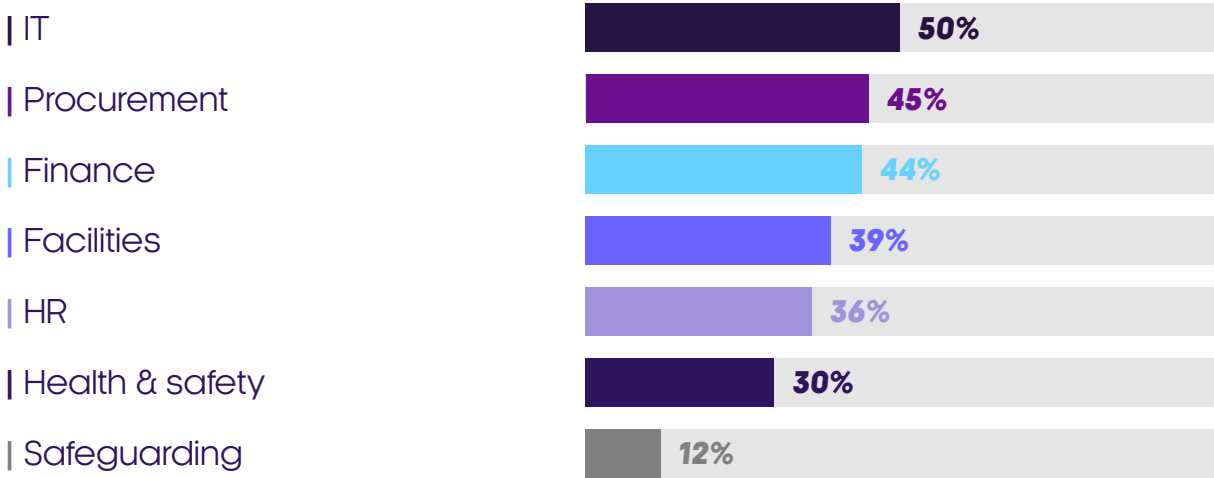
Health and safety



Safeguarding



Desire to increase centralisation of trust operations in future

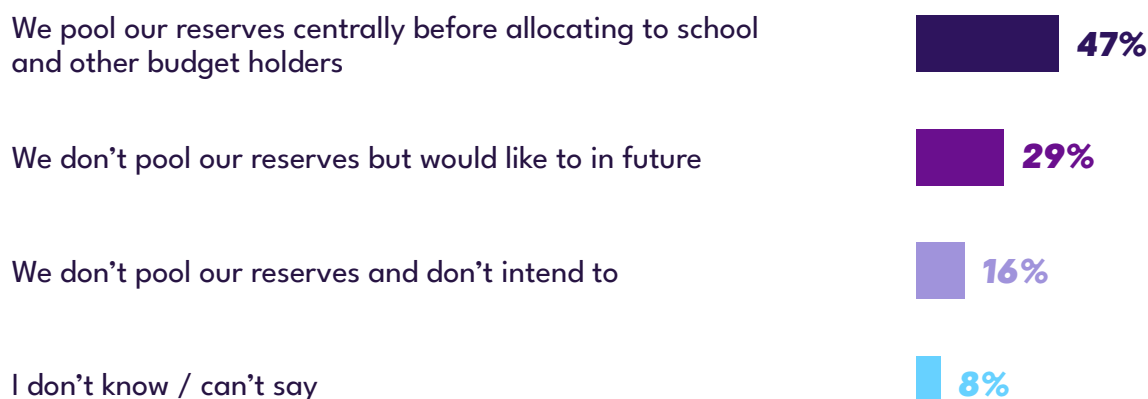


Pooling reserves and GAG

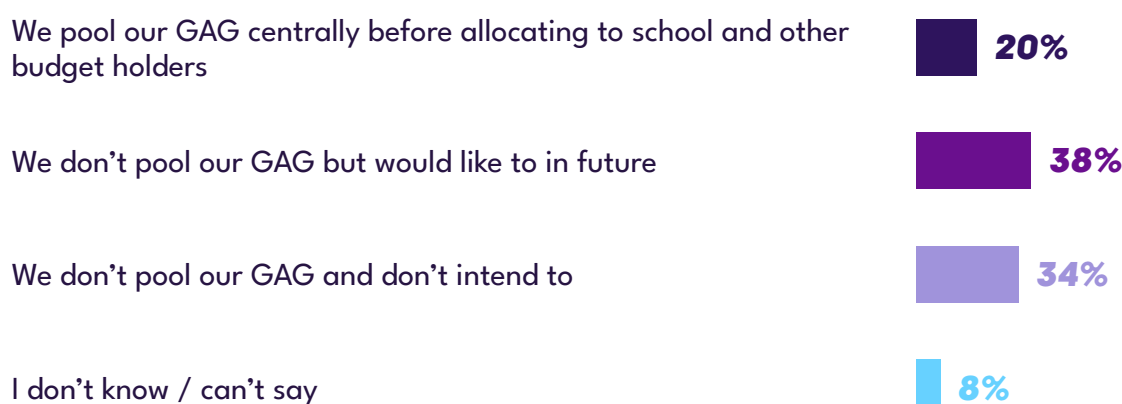
Nearly half of MATs already pool reserves centrally before allocating to school and other budget holders, but only 20% pool their GAG. However, a further 29% would like to pool reserves and nearly 38% would like to pool their GAG. This implies that in future, up to 80% of trusts will pool reserves and nearly 60% will implement GAG pooling.

GAG pooling was again highlighted in the 2024 Academies Benchmark Report with 32% of trusts pooling in 2022-23 compared to just 23% last year. The jump in popularity of pooling can be seen in both small and large MATs, with over 40% of large MATs now pooling.

Approach to pooling reserves



Approach to pooling GAG



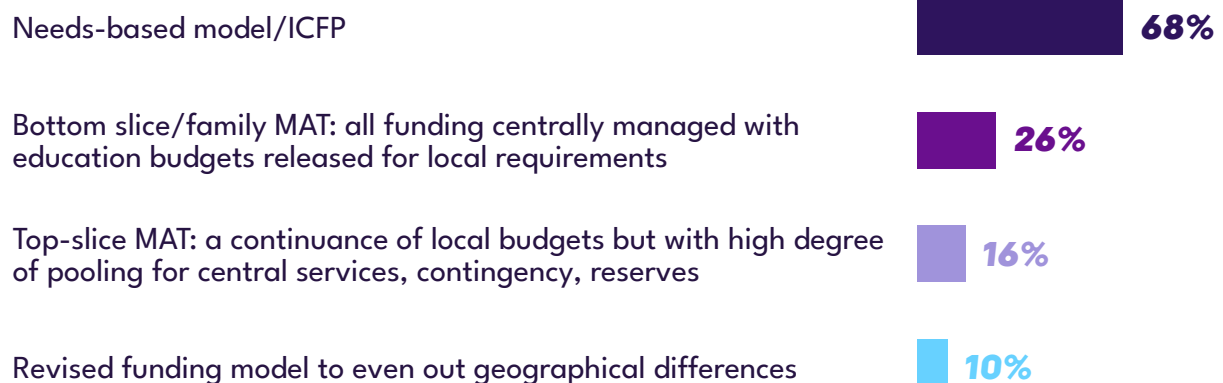
Funding allocations

A 'Needs-based model/ICFP' is by far the most common approach to funding allocation to academy budgets, both now and in the future. Analysis shows this is the most popular for those already pooling GAG, and the most expected approach for those who intend to.

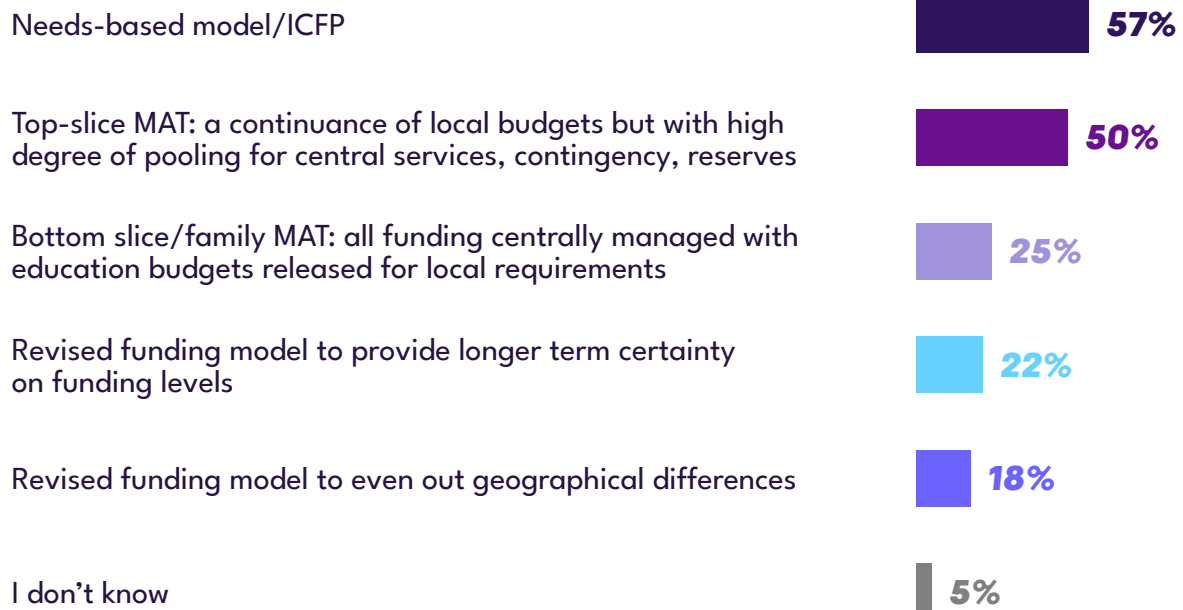
Embedding ICFP is also repeated in the framework section on prioritising and making the most effective use of public funds. In future, more MATs intend to top-slice but with a high degree of pooling for central services.

The MAT leadership development: CEO content framework requires leaders to embed an annual planning cycle, which includes ICFP reviews at key points in the year that can inform recruitment and staffing plans, and identifying key months for full reforecasting and addressing these throughout the year, drawing on published guidance.

Approach used by trusts already GAG pooling



Approaches used by trusts who are not GAG pooling but would like to in future

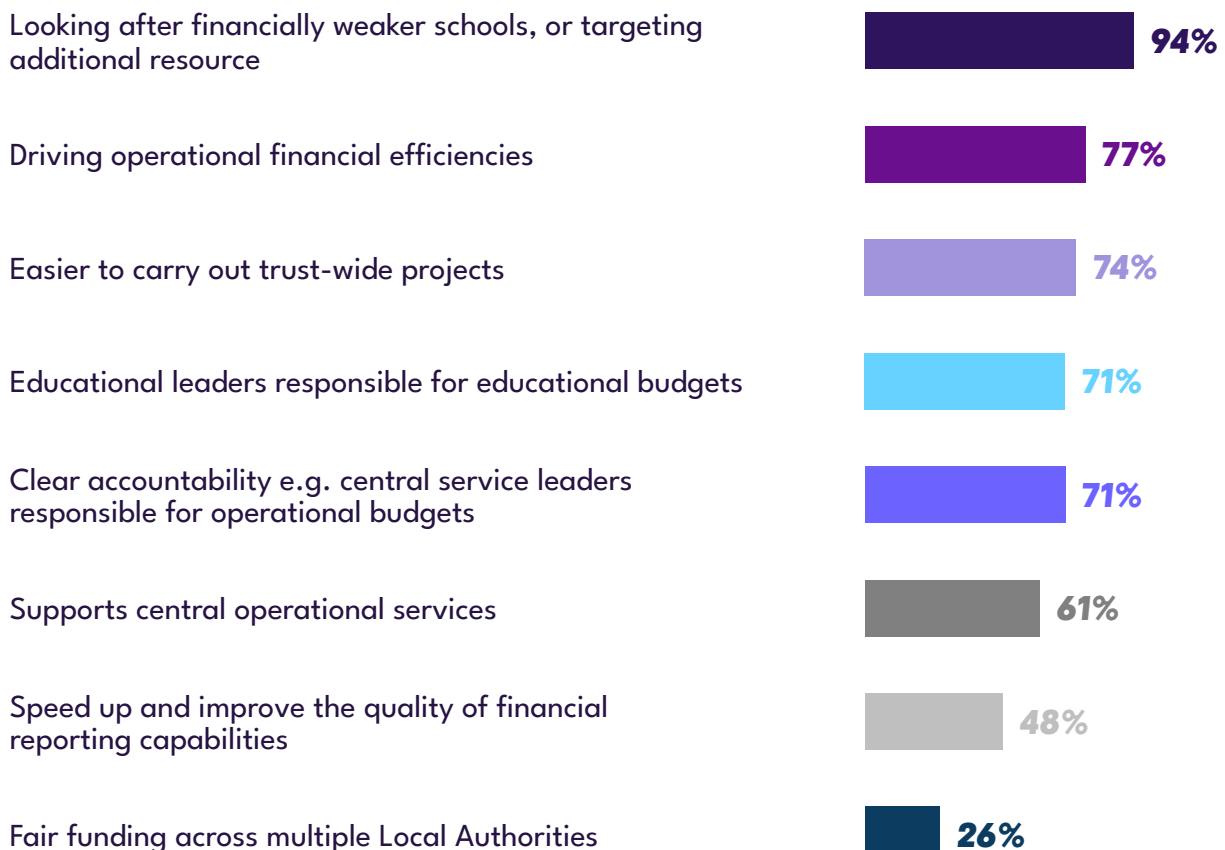


Benefits of chosen approach

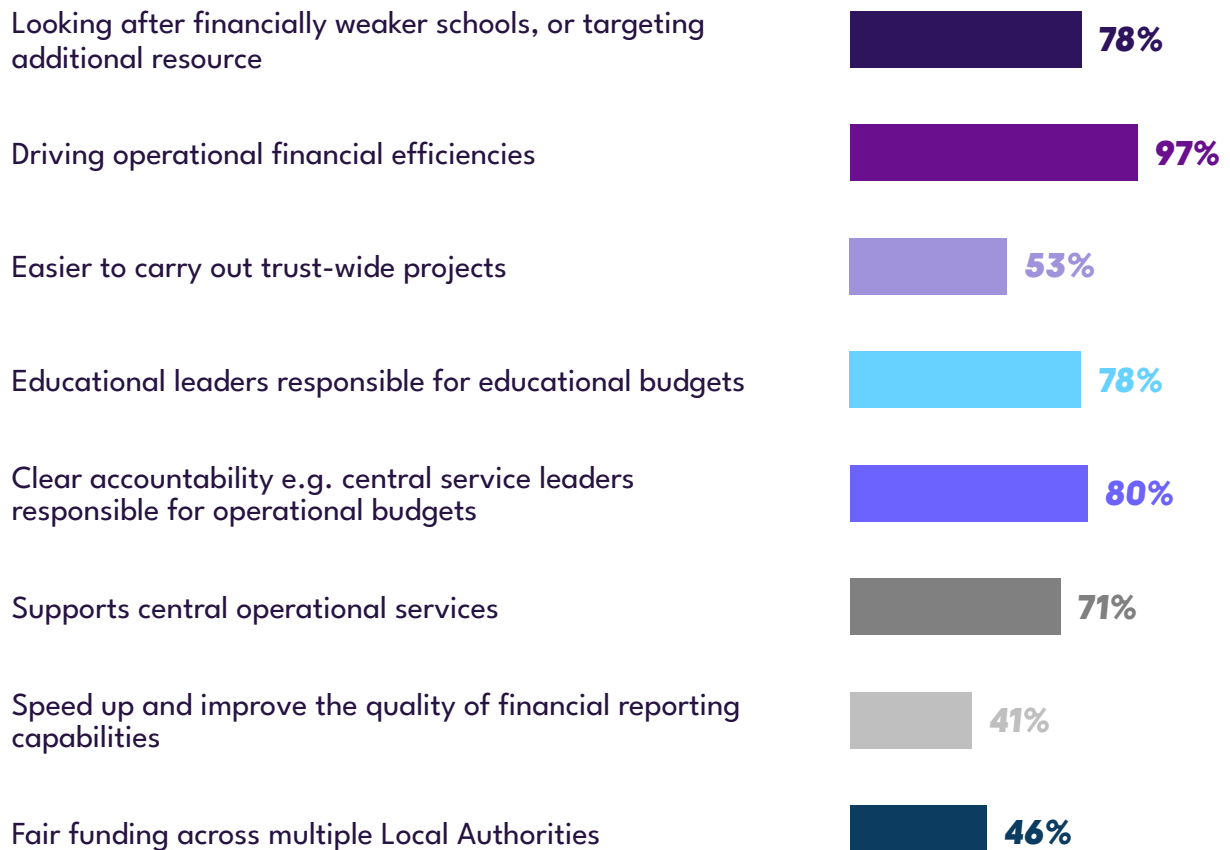
Looking after financially weaker schools, or targeting additional resource, is the main benefit reported by MATs from their approach to funding allocations. Deeper analysis shows this is especially prevalent along trusts already GAG pooling, highlighted by 94% of respondents.

For those intending to GAG pool in future, driving operational efficiencies is cited by 97% as the primary expected benefit. Educational leaders responsible for educational budgets and looking after financially weaker schools also feature highly.

Reported main benefits of approach to funding allocations



Expected main benefits of chosen approach to funding allocations



A further open-ended question on the benefits of chosen approaches to funding allocations also drew out the following specific themes:

Accountability and fair funding

Clear accountability aligns with the scheme of delegation. Every pupil is treated equally, ensuring consistent funding.

Cultural development

Internally, the ethos and culture has shifted from individual schools to a unified trust, supporting 'family of schools' messaging.

Equitable funding and operational efficiencies

Ensures equal opportunities, and evens out funding differences, in both cases avoiding disparities between schools.

Flexibility and targeted investment

Flexibility allows targeted investment where needed. This, in turn, accelerates improvements in underperforming or financially weaker academies.

Strategic planning and academic focus

Supports strategic planning over the medium term, and allows leaders to focus on educational improvements rather than non-educational budget concerns.

Support for the smallest schools

Needs-based approaches provide vital support for small schools. Economies of scale have been realised, enhancing efficiency as a result.

Advice and practical steps

MAT respondents were invited to outline the key steps they have taken to introduce revenue pooling, spanning consultation, piloting and implementation. Examples of timelines include a six-month period for policy development, consultation and approval, and a one-year timeline from presenting the idea to implementation.

Around 80% also scored their likelihood to recommending the approach they took to implementing GAG pooling to a peer at 8 out of 10 or higher, and over half gave this a 9 or 10.

Consultation

Overall, consultation approaches vary in duration, stakeholders involved, and whether the process is initiated before or after the implementation of pooled funding. The emphasis on transparency, ongoing dialogue, and responsiveness to concerns are common threads.

Inclusive stakeholder engagement

Extended consultation periods, ranging from several months to years, involved a wide array of stakeholders, including headteachers, LGBs, and trustees. Transparent communication and feedback mechanisms were emphasised to gather input from various perspectives.

Tailored consultation process

Some trusts adopted a tailored approach, consulting specific groups as those above. In one case, the consultation occurred when all schools in the trust experienced changes in senior leadership, ensuring financial support for incoming leaders.

Iterative consultation and policy drafting

An iterative process involved developing initial models, drafting policies, and consulting with individual headteachers. Trusts engaged in ongoing discussions, addressing concerns raised during the consultation and refining the policy accordingly.

Top-down decision with later consultation

In certain instances, the decision to pool was top-down, initiated by trust leaders and quickly supported by the Board.

Piloting

In general, the decision to pilot or not their revenue model is influenced by factors such as the perceived complexity of the change, the urgency of implementation, and the confidence in the benefits of pooled funding. Alternatives include informal piloting, post-implementation reviews, and specific mitigation strategies.

No formal pilot

A significant number of leaders did not conduct a formal pilot, opting to implement the pooled funding approach directly without a trial period. Some expressed that the nature of the change did not warrant a pilot, and they transitioned from previous budget models to pooled funding more swiftly.

Informal or inherent piloting

In some cases, leaders informally piloted elements of the approach, such as pooling capital before fully implementing GAG pooling. Changes were made iteratively based on ongoing assessments and adjustments to procedures as needed.

Post-implementation review

In a few instances, leaders committed to a review and re-consultation after the first year to ensure that the approach met the needs of all stakeholders. This approach allowed for adjustments based on the initial implementation experience.

Reversal for mitigation

One leader reversed the impact of the change in the first year to ensure that no academy was worse off than they would have been in the previous model. This mitigating strategy served as a form of initial pilot testing.

Immediate implementation

Some leaders chose not to pilot and instead implemented the approach across all schools directly, emphasising the urgency and benefits of the new model.

Implementation

The implementation process requires careful consideration, engagement, and iterative adjustments to ensure a smooth transition to pooled funding.

Policy development and communication

Leaders developed a clear policy outlining the methodology and appeal process. Communication involved informing stakeholders, presenting indicative models, and engaging with schools to contextualise and plan change.

Consultation and buy-in

Early engagement with headteachers addressed concerns and emphasised the benefits of pooled funding. As noted above, trustees, school leaders and local governors were consulted to secure buy-in and approval.

Transition period and metrics introduction

Leaders identified the first year as a transition period to identify and mitigate issues. Metrics were introduced to the budget-setting process for transparency.

Financial system and software preparation

Adequate preparation involved ensuring the finance system could handle a single budget. Some leaders changed systems, and others aligned implementation with the roll-out of financial software.

Human factors leadership training

Investment in leadership training focused on human factors to develop an open and honest culture.

Roll-out and timelines

Implementation timelines varied, with some opting for a gradual roll-out over several years. Changes were made incrementally, with initial implementation of specific cost centres gradually increasing over two years.

Review and iterative adjustments

Some leaders committed to a post-implementation review after the first year to refine the approach based on feedback. In-year tweaks and adjustments were made based on ongoing assessments and issues identified during the implementation.

Trustee approval and final regulation changes

Trustees approved the changes, and revisions to financial regulations were made to support the new funding model.



Pooling is not for everyone

“

For those who do not GAG pool, the main reasons are the perceived impact on school autonomy and colleagues feeling funds are allocated specifically to students in that school.”



Reasons for not revenue pooling

Colleagues feel funds are allocated specifically to students in that school



There is a concern about the impact it would have on school autonomy



Schools with strong existing finances would be reluctant to join us



Our schools have uneven levels of reserves/surpluses/deficits so it wouldn't be fair



We haven't seen enough proof that the benefits outweigh our concerns



We haven't been ready for it yet but expect to do it in future



We're concerned about the impact it would have if a school had to be rebrokered



A further open-ended question also drew out the following themes around trust in existing funding mechanisms, the desire for local control, concerns about bureaucracy, and considerations related to the size and context of the trust:

National Funding Formula (NFF)

Some MAT leaders trust the NFF and believe that it is already a sensible and fair allocation system of income based on pupil numbers.

School autonomy and accountability

Autonomy and accountability are key drivers for not pooling funds, as schools prefer maintaining control over their reserves and decision-making processes.

Fairness and local control

Schools find their existing approach fair, allowing them to run in-year deficits or surpluses at the reserve level without reallocating funds centrally.

Existing funding methodology

Some trusts already apply a carefully considered methodology for fund distribution, often determined by individual school forums, providing parity in funding. Introducing additional layers of bureaucracy is seen as unnecessary.

Contextual differences and trust expansion

Trusts with schools across different local authorities and diverse contexts may prefer not to pool funds due to variations in needs.

Avoiding complaints and distortion

Concerns exist that GAG pooling may shift discussions on funding issues from the government to complaints about the trust's allocations, potentially diverting attention from broader funding challenges.

Discouragement of school joining

Some trust leaders and trustees believe that GAG pooling might discourage schools from joining the trust, especially in cases of voluntary transfers.

Equity funding arrangement and special schools

Trusts with a mix of mainstream and special schools may have concerns, especially regarding high-needs funding, making GAG pooling less appealing.

Satellite schools and specific arrangements

In some cases, trusts with satellite schools or specific arrangements may choose not to pool revenue income.

Size and recruitment challenges

Small MATs may find pooling unattractive for voluntary transfers, especially when taking on schools with deficits that could lead to visible shifts in funding and potential resentment.

Top-slicing and fair processes

Existing practices, such as top-slicing for contracts, are also considered fair and trust leaders may feel that GAG pooling offers minimal additional benefits.

Benchmarking and financial monitoring

The loss of school benchmarking ability is seen as a drawback, and trusts prefer the closer monitoring of each school's financial performance when treating them as cost centres.

Leadership structure progress

Trusts await further progress in central trust leadership structures before considering GAG pooling, aiming for a shift in expense responsibility.

Watching brief and future considerations

Some trusts keep a watching brief, considering the benefits of pooling as the NFF progresses.

Case studies



Case study #1

2 to 5 School MAT

Funding allocation

- Needs-based model/ICFP.

Main benefits

- Looking after financially weaker schools, or targeting additional resource.
- Easier to carry out trust-wide projects.
- Driving operational financial efficiencies.
- Supports central operational services.

Consultation

- Initial models were developed by senior leadership within the central team and a draft policy written. This was then consulted on with individual headteachers at school level. An in-principle conversation discussing the strengths and concerns around GAG pooling had already taken place earlier in the year and matters arising were addressed where possible at drafting stage. Following consultation the policy was submitted to trustees for review, comment and approval. The process from start to finish took approximately six months, with first pooled budgets implemented from the start of the following academic year. Limited changes were required as the initial discussion had raised where headteachers held concerns.

Piloting

- Did not pilot and moved from a top-slice budget model in one financial year to a GAG pooled model the next. Trust methodology around GAG pooling is not complex so this was not a significant change in practical terms.

Implementation

- Early engagement with headteachers to cover any concerns and provide better understanding around the benefits of GAG pooling; some had limited knowledge on financial models and the differences between top-slicing and GAG pooling were not widely known. Modelling to iron out where issues existed so these could be addressed prior to implementation. Development of a clear policy to outline methodology and process to appeal. Whole process took the best part of the full academic year to allow for careful consideration and timely implementation.

“

Pooling of GAG allows us to target investment into under-performing or financially weaker academies, accelerating improvements or supporting schools whilst pupil numbers increase, and financial efficiencies are made to return budgets to a stronger position. We are lucky in that all our schools fall within one local authority area and we are a small trust. Our reasons for pooling, and therefore communications to headteachers, were focused around school improvement and sharing of resources rather than evening out funding formulas. This made implementation easier and reduced the number of issues arising during policy development and consultation.”

Contributor Job role:
CFO



Case study #2

6 to 10 School MAT

Funding allocation

- Needs-based model/ICFP.

Main benefits

- Looking after financially weaker schools, or targeting additional resource.
- Easier to carry out trust-wide projects.
- Driving operational financial efficiencies.
- Supports central operational services.
- It has sped up and improved the quality of financial reporting capabilities.

Consultation

- With trust board, local advisory bodies and headteachers.

Piloting

- Agreed to implement proposals for one year and undertake a review/re-consultation to ensure the pilot met the needs of all stakeholders.

Implementation

- A single financial management system with consistent chart of accounts. Developing a clear policy and then devising the funding formula template and communicating this out to stakeholders for transparency.

“

Our approach to funding allocations allows us to appropriately fund central capacity in line with trust strategic objectives, whilst providing schools with fair funding according to ICFP and other objective metrics. Then if there are areas we need to target for additional resource we have the flexibility to do that also. It enables more judicious funding allocations across our schools that supports our trust-wide strategies.”

Contributor Job role:
CEO



Case study #3

6 to 10 School MAT

Funding allocation

- Needs-based model/ICFP.

Main benefits

- Fair funding across multiple local authorities.
- Looking after financially weaker schools, or targeting additional resource.
- Driving operational financial efficiencies.
- It has sped up and improved the quality of financial reporting capabilities.

Consultation

- With school leaders, trustees and local governors.

Piloting

- First year was a pilot whilst formalising policy. Once there was philosophical buy-in (everyone benefitted from sharing of reserves during this year) colleagues could see the rationale and trusted the process. Invested in human factors leadership training to support development of an open and honest culture.

Implementation

- Revised financial regulations was the first step, drafting these to outline exactly what needed to happen to make it work, which was discussed with school leaders and followed by approval from trustees. Next, there was a period of information sharing via the Trust Leadership Group, allowing for refinement of process and allocation of clear roles and responsibilities, and a conference was held to share these with local governors. Very clear guiding principles were developed to distill the systems and process for budget planning and monitoring. All school business managers were trained in these principles and supported centrally.

“

Our model provides equity across all schools. The link between income and expenditure was removed, with allocation then driven by need. This allows smaller schools to be funded based on need, not restricted by virtue of their size. We call this equitable funding.”

Contributor Job role:
CEO



Case study #4

11 to 20 School MAT

Funding model

- Needs-based model/ICFP.

Main benefits

- Looking after financially weaker schools, or targeting additional resource.
- Clear accountability, e.g. central service leaders responsible for operational budgets.
- Educational leaders responsible for educational budgets.

Consultation

- Long consultation period with local governing bodies, headteachers and trust board.

Piloting

- Earlier policy to move GAG over 2% into central for two years first. Slow introduction over several years with targeted cost centres.

Implementation

- Moved straight from 2% policy to GAG pooling for 1/3 cost centres e.g. photocopying and insurance, and then will increase each year for two years until fully implemented.

“

This is a good model to support small schools. Funding is allocated where the school improvement team feel it is necessary to move the MAC forward. It makes the year-end process much easier, but culture-wise takes schools a while to come to terms with.”

Contributor Job role:
CFO

Case study #5

21 + School MAT

Funding model

- Curriculum budgets based on GAG funding statement, Income Deprivation Affecting Children Index (IDACI) and Pupil Premium.

Main benefits

- Looking after financially weaker schools, or targeting additional resource.
- Easier to carry out trust-wide projects.
- Driving operational financial efficiencies.
- Supports central operational services.

Consultation

- A three-year period transition and consultation with headteachers, winning hearts and minds. Started by pooling reserves, then took premises centrally, and finally have taken staffing and admin centrally, leaving curriculum and day-to-day ICT with schools to manage and have responsibility for.

Piloting

- As school leadership changed, the plan was implemented earlier in those schools. The only changes made were technology-based.

Implementation

- Trustees driving this through SLT. Kept repeating the same positive messages and were able to explain the advantages to the school. Headteachers were happy to relinquish the admin side to be able to concentrate on teaching and learning.

“

Our approach to funding allocations simplifies moving resources between schools. Instead of journaling costs between locations we view it as one cost to the organisation that is shared. We operate as one school over 21 sites with staff moving between schools as needed. It means we can support both schools and staff who want additional experience in different settings easily. We work as a team and easily procure and share resources.”

Contributor Job role:

CFO



Conclusion

This survey demonstrates that an increasingly large number of MATs are already pooling or actively considering it, building on similar upward trajectories highlighted by other sector reports, including those produced by CJK Associates and IMP Software previously.

Nearly half of MATs already pool reserves centrally before allocating to school and other budget holders and 20% pool their GAG. However, a further 29% would like to pool reserves and nearly 38% would like to pool their GAG. This implies that in future, up to 80% trusts will pool reserves and nearly 60% will implement GAG pooling.

The decision not to pool funds often revolves around trust in existing funding mechanisms, the desire for local control, concerns about bureaucracy, and considerations related to the size and context of the trust.

For trusts not yet pooling GAG but intending to, the change is motivated by a desire for financial stability, equal opportunities, and strategic growth considerations. It is noteworthy, of course, that looking after financially weaker schools is the most significant reported benefit from those already GAG pooling, but for those who would like to GAG pool driving operational financial efficiencies is the most common expected benefit.

School groups already pooling GAG focus on fostering equality between schools, providing consistent support, and efficiently allocating resources to meet the diverse needs of all students within the trust.

A 'Needs-based model/ICFP is most common for those already pooling, and the most expected approach for those who intend to. That around 80% rate their likelihood to recommending the approach they took to implementing GAG pooling as 8 out of 10 or higher is also significant.

This report is also valuable in highlighting shared learning from, and case studies of, trusts around consultation, piloting and implementation of their chosen funding allocations, as well as their own reflections of the process undertaken.

It will further inform sector-wide developments around building a strong financial and operations strategy for MATs as presented in the **MAT leadership development: CEO content framework**, **DfE's Commissioning high-quality trusts guidance**, and **CST's Building Strong Trusts** paper.



About

impsoftware.co.uk



IMP Software

IMP Software is a market-leading specialist in building smarter MAT finance, working with 380 trusts, including 57% of large trusts (MATs with 15+ schools), over 3,800 schools.

The company currently has two key products, IMP Planner, a budgeting, forecasting and reporting tool, and IMP ICFP, an Integrated Curriculum Financial Planning tool to help ensure the effective deployment of resources across trusts. In 2024 IMP Software will be launching a third market-first solution designed to help MAT finance teams deliver more effective and automated financial management.

IMP has previously published two sector insight reports, [The 2030 MAT growth challenge: Effective strategies and systems](#), [A growing philosophy: How are multi-academy trusts developing their operating models through centralisation?](#) and, in collaboration with CJK Associates, [Pooling reserves and budget centralisation in multi-academy trusts](#).

cjkassociates.co



CJK Associates is a specialist consultancy bringing a business-like mindset to the important mission of education. It helps education clients with their culture, strategy, organisation design and development, operations, procurement, digital transformation and fundraising activities.

The consultancy works with MATs and other school groups to develop strategies and implement better operating models and has provided the material hosted by The Key which guides trust leaders about strategy, operations, collaboration and accountability. It also works with education charities, businesses and governments.

Other recent projects include working with MATs on vision, operating models and governance/finance reviews, digital roadmaps, Board and Senior Leadership Team facilitation, and brokering to help small education businesses take the next steps through finding trade or other partners, or through making a sale.



IMP Software





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re-forecasting



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curriculum planning



Integrated staffing
data



Multi-year
capabilities

Let's book a time to have a chat





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