



OWLS Academy Trust

Central Funds Policy

Adopted by The OWLS Academy Trust on	
Next Review Due	

The Academies Financial Handbook, 2016 states:

3.10.5 A multi-academy trust has the freedom to amalgamate a proportion of GAG funding for all its academies to form one central fund. This fund can then be used to meet the normal running costs at any of its constituent academies within the trust. In accordance with its funding agreement a multi-academy trust must not pool PFI funding.

3.10.6 The multi-academy trust must give individual consideration to the funding needs and allocations of each constituent academy, and must have an appeals mechanism in place. If a constituent academy's principal feels that the academy has been unfairly treated, they should first appeal to the trust. If the academy principal's grievance is not resolved, they can then appeal to the Secretary of State, via EFA, whose decision will be final and who can dis-apply the provisions for pooling in this handbook in relation to the multi-academy trust.

This policy sets out the approach taken by the OWLS Academy Trust in respect of the above and will apply to all schools in the Trust as at 1st September 2017 and all those that join the Trust after this date.

An appeals mechanism is described within this policy document for academies that may feel they are being treated unfairly by the Central Funds process.



Trust Funding from Academies

Each year the Trust will retain 5% of the GAG funding for each constituent academy. For clarity, this **excludes** the funding each academy receives in respect of:

- Pupil Premium funding;
- PE Sports grants;
- Nursery funding;
- Funding for Universal Infant Free School Meals;
- Summer School funding;
- Other non-GAG Government funding;
- Top-up funding for special educational needs (SEN) or additional educational needs (AEN) in mainstream academies;
- Other income generated by individual academies.

The Trust will give consideration to the funding needs and allocations of each constituent academy.

A statement will be issued to constituent academies not later than 31st August for the next financial year, detailing the funds to be retained by the Trust. The constituent academies will have a period of 10 working days to appeal.

In addition, schools entering the OWLS Academy Trust for the first time will be required to make a payment of £5 per pupil to support the implementation of financial hardware and any training required to operate in conjunction with systems currently deployed across the Trust.



Use of Central Funds

The funds retained by the Trust will be used to fund the following expenditure on behalf of the academies within the OWLS Academy Trust:

- Trust salaries, including CEO, CFO and SBM (Trust HR Support);
- Annual actuarial re-valuation fees in respect of the Local Government Pension Scheme (FRS102) (note: initial actuarial valuation for schools/academies joining the Trust is to be funded by the individual academy from the academy Start-up grant);
- Trust conferences;
- Ill Health Retirement Insurance;
- Trust ICT hardware;
- Trust identified subscriptions;
- Multi-view;
- HCSS Budgeting;
- Multi-tracker;
- Administration Costs;
- Travel / Subsistence / other miscellaneous expenditure in respect of Trust activity;
- LCC Internal Audit for the Trust (note: individual academies will need to pay for the LCC Internal Audit for their own academy);
- External Audit and Accountancy fees (currently undertaken by RSM);
- Trust clerking; and
- Audit bank fees

The Trustees reserve the right to update the areas of expenditure on an annual basis. Where appropriate the top-slice may be adjusted to reflect any increases in costs or increase in the services to be provided directly by the Trust, or as a result of cost-savings generated through streamlining of back-office functions.



Central Reserve

In addition, the Trust will build a central reserve which may be used for Capital expenditure or to help to alleviate financial pressures within individual academies during periods of fluctuating income and expenditure. From September 2017 the upper limit of the reserve shall be calculated as £100,000 plus £20,000 per constituent academy, to a maximum of £300,000. These values may be adjusted for inflation, or if otherwise recommended by external organisations providing services to the Trust.



School Improvement

The Trust will require that each academy should individually retain an amount of £10,000 each year, which will be required for school improvement support should the academy be deemed to be category 3 or 4 according to the Trust's school improvement strategy.

In reality, the cost of providing school improvement support is estimated to be £10,000 per term. Where the total value of support provided to a school exceeds £10,000 in a single financial year, the school shall have the option to either pay for the additional support up-front, or to have the support funded from the Central Reserve on the understanding that they will be required to repay the actual cost of that additional support over an agreed period.



Rebate Scheme

It is recognised that a significant proportion of the Trust’s expenditure from the Central Funds are fixed costs that will not necessarily increase in proportion to increases in the number of constituent academies. Other costs will be fixed based on the number of constituent academies regardless of size. The total cost of these services divided by the number of constituent academies shall be used to determine a notional “Flat Rate” cost per academy per year.

The cost of other services will be proportionate to the size of each academy, as will the benefit of these services to each academy.

The Trust recognises that the application of a simple 5% top slice means that very small academies may be paying an annual contribution that is less than notional “Flat Rate”, effectively resulting in them receiving significant subsidy from the larger academies. In order to address this situation the following measures will be taken:

- Future growth of the trust will ensure that an appropriate balance can be achieved in the numbers of smaller and large schools.
- In the event that the carry forward at the end of a financial year is greater than the target level for the central reserve then these surplus funds will be used to provide a rebate to the academies were members of the OWLS Academy Trust during the financial year in which the surplus was generated. The value of each academy’s rebate will be calculated based on contributions above the notional “Flat Rate” per academy, as follows:
 - Academies whose 5% top slice was less than or equal to the notional “Flat Rate” per academy will not be eligible for a rebate.
 - For the remaining academies their rebate will be calculated using the formula:

$$\frac{\text{Academy's payment above the notional "Flat Rate"}}{\text{Total of all academies payments above the notional "Flat Rate"}} \times \text{Surplus funds generated}$$

Rebate allocations will be confirmed to academies after the final closedown of the financial year to which it relates, which will normally be in March/April of the following year. This will enable academies to factor the rebate figure into their budget planning for the next financial year.

The rebate will normally be paid in September of the next financial year. However, in the even that an academy is due a rebate but requires school improvement support (as above) before it falls due for payment, then the Trust reserves the right to use that academy’s rebate to offset the costs of any additional school improvement support required.



Appeals

As required by the EFA Academies Financial Handbook, Academies have the right to appeal if they believe they have been unfairly treated in connection with central funds. Within the OWLS Academy Trust, constituent academies have 10 working days from the issuing of a settlement statement from the Trust to the Academy in which to appeal. Appeals should be made in writing directly to the Chief Executive Officer .

The CEO and Trustees will consider the appeal and will notify the academy of their decision within 10 working days of receipt of the written appeal.

In the event that this does not resolve the academy’s grievance then the academy has the right to appeal to the Secretary of State, via the EFA, whose decision will be final.