Noadswood

Reserves

Policy	**Reserves**
Policy status	**Non-Statutory**
Member of staff responsible	**BM (SBM)**
Date approved by SLT	**December 2020**
Governor committee to alert	**GP**
Date relevant governor committee alerted	**March 2021**
Revision period	**1 year**
Revision due date	**December 2021**

RESERVES POLICY

1. Maintaining an appropriate level of financial reserves is considered essential in protecting the school from financial risk generated by, for example;

    - income reduction due to Government funding changes
    - unexpected falls in student numbers
    - cash flow issues due to delays in receipt of funding
    - emergencies

2. In general it is considered prudent to maintain a level of useable reserves sufficient to cover unexpected and unplanned events so that the school's primary objective is preserved. At the same time, the school wishes to ensure that it uses its funding to benefit the students in its care which implies an imperative to consider actively the use of reserves to enhance educational provision.

3. The Governors have agreed that reserve levels will be maintained at a conservative minimum of 7% of GAG income plus any funds earmarked for future capital projects, major maintenance and anticipated deficit budgets.

4. Governors will monitor levels of reserves in financial reports provided by the Bursar and in the annual financial statement prepared by the Auditor. Governors will look to ensure that a prudent level of reserves is maintained, bearing in mind the recurrent spending needs to ensure high quality provision. In deciding the level of reserves Governors will take into account the following:

    - one month salary bill .
    - the school's annual budget
    - the need for any large project spend such as facilities development or building condition needs
    - any uncertainty, turbulence or expected reduction in funding arrangements, including the level of transitional protection within the school funding and its expiry date
    - anticipated funding over the next three years.

5. This policy will be reviewed annually.