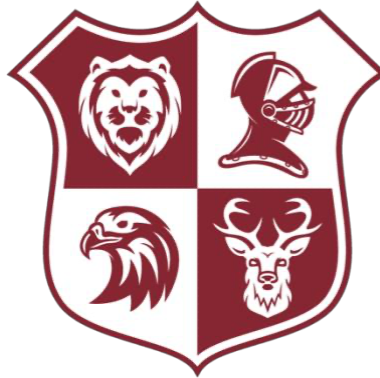


Reserves Policy



STATUTORY / NON-STATUTORY	NON-STATUTORY
MEMBER OF STAFF RESPONSIBLE	Chief Financial Officer
DATE APPROVED BY HEAD/SLT	March 2023
GOVERNING BODY OR COMMITTEE RESPONSIBLE	Finance, Audit and Risk
DATE OF FULL GOVERNING BODY APPROVAL	March 2023
REVISION DUE DATE	March 2025

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1. Introduction

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

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.

2. Level of Reserves

Trustees 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.

Trustees will monitor levels of reserves in financial reports provided by the CFO and in the annual financial statement prepared by the Auditor. Trustees 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 Trustees will take into account the following:

- salary costs
- 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.

The Trust will endeavour retain two months' salary costs in the bank.

This policy will be reviewed annually.

3. Investments

Trustees will consider investments on 'free reserves', ensuring compliance with the Academy Trust Handbook.