

Reserves Policy

Aim of the Trust

One community. Many ideas. Everyone's future.

We aim to provide an exceptional education for every child in the Trust through an ethos of collaboration and high aspirations and through the principles of quality learning using curiosity, exploration and discovery.

Principles

The Reserves policy covers all reserves on the Trust balance sheet other than Pension and Fixed Asset Reserves.

In answer to a Parliamentary question in January 2015, the Department for Education stated that "Academies can build up reserves in order to accommodate longer-term plans such as capital investment, to fund maintenance and expand as well as to manage risk and uncertainty of future funding."

Purpose

- The Trustees have responsibility for managing the assets of the Trust which is a single legal entity. Setting a reserves policy is a central part of managing the Trust's finances and safeguarding the Trust's assets in uncertain times.
- The Trustees must ensure that the Trust holds reserves at a level sufficient to enable it to implement its future strategy. The level of reserves therefore depends on the value placed on implementing the strategy.

Guidelines

In arriving at the available reserves, the trust must follow the specific guidance from the ESFA in relation to the treatment of GAG income and other grants and donations. Not all grants which result in a surplus are available for carry forward to reserves.

All reserves will sit at Trust level. The Business Committee has authority to designate to individual entities within the Trust as appropriate.

It is the policy of the Trust that reserves should be maintained at no less than the equivalent of three months payroll unless expressly authorised by the Business Committee.

The ESFA requires all trusts to set at least balanced budgets for all entities at the start of each academic year. Deficits reduce reserves, impact on the trust's ability to maintain the reserve policy, and must therefore be approved and signed off by the Business Committee. Where deficits are occurring during the year, measures must be put in place to bring the spend back into line.

Where a need has been identified for any entity to invest in specific capital projects, they may set aside funds to do so, with the approval of the Business committee as long as the remaining reserves do not fall below the required level as specified above.

The Trust Finance will review and report to the business committee at the end of each academic year on completion of the annual audited accounts and budget setting. Where an occurrence takes place between this specific point which is likely to impact on the maintenance of this reserves level, it should be notified to the Business Committee at the earliest opportunity.

This Reserves Policy will be monitored regularly by the Finance Director and the Business Committee for any changes in legislation or directions from the DfE/ESFA in relation to the maintenance and use of reserves.

Review date: March 2020

Ratified date: March 2020

Date of next review: March 2023

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