



Reserves Policy

Approved by:	Finance & Resources	Date: December 2017
Last reviewed on:	December 2017	
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Monitoring & Review	Finance and Resources Committee, Accounting Officer; Finance	
Links	Academies Financial Handbook, EFA College Financial Health Scoring, Charity Commission guidance on Charity financial reserves.	
Staff responsible	Financial Director; Accounting Officer	

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1. Rationale

Why do we need reserves?

Our aim is to spend public monies for the direct educational benefit of current and future students as soon as is prudent whilst maintaining an adequate, but not excessive, level of reserves to:

- Maintain adequate cash to cover day to day working capital needs;
- Protect the Trust against future drops in income or rises in costs;
- Save up for future capital projects and educational initiatives;
- Fund “invest to save” projects;
- Allow the Trust to take advantage of new opportunities;
- Provide a cushion to deal with unexpected emergencies.

2. Policy statement

How much reserve will we aim for?

Designated reserves may be set aside for a specified future project in a specified year.

In addition, the Trust will aim to maintain minimum undesignated reserves to fund the higher of:

- one-month cash days in hand.
- current ratio: minimum 1.6.
- a 20% drop in student numbers in its largest school for three years.
- a 10% cut in government funding per pupil for all its schools for two years.

3. Monitoring:

The level of reserves will be monitored when the annual budget or financial plan are set to ensure that the level of reserves is appropriate to future need.