

Applecroft School



Reserves Policy

Person Responsible:	Finance & Business Manager
Review Cycle:	Annually
Date of Review:	November 2025
Next Review Date:	November 2026

Reserves Policy

1) Introduction:

School Vision:

'To be a positive and inspiring community that nurtures each individual and empowers leaders for life.'

School Mission Statement:

'Nurturing Potential, Inspiring Minds, Changing Lives'

School Values:

- Ambition and Leadership
- Kindness and Supportiveness
- Respect and Honesty
- Determination and Resilience

Trusts can hold reserves for a number of reasons, including cash flow, contingency, planned investment and improvement and strategic development and growth.

2) Purpose:

The purpose of this Reserves Policy is to ensure the stability of the School's organisational operations, to protect it so that it has the ability to adjust quickly to unforeseen financial circumstances, and to ensure adequate reserves are held to fund future purchases or activities.

3) Definitions of Reserves:

The Trustees are aware that it is a requirement of the charity accounting regulations to develop a reserves policy that provides assurance that the finances of the school are actively managed and its activities are sustainable.

When formulating this policy consideration has been given to:

- The Trusts Estate Strategy
- Future plans
- Potential risks
- Potential future opportunities

Restricted Reserves

Restricted reserves are represented by the main income for the School which is its *General Annual Grant (GAG)* and other grant contributions or donations that are received for a specific

project or purpose. These funds are restricted for the use according to the schools funding agreement or donors' instructions and thus fall outside the definition of reserves.

Unrestricted Funds

These are made up of the academy's activities for generating funds, investment income, balances transferred from the predecessor school and other donations which are expendable at the discretion of the Trustees in furtherance to achieve the objectives of the School.

Designated Funds

These are part of the unrestricted funds that Trustees have earmarked for a particular project or use, without restricting or committing the funds legally.

4) Use of Reserves:

1. Identification of appropriate use of reserve funds

The Trustees and staff will identify the use of reserves by taking into account the following:

- Is a balanced in year budget achievable or do reserves need to be drawn on
- The need to fund short term deficits in cash flow - money may need to be spent before funding grant is received
- The risk of unforeseen emergency or other unexpected need for funds
- Whether a source of cash needs to be readily available to give the school time to take action if income falls below expectation
- Strategic and financial plans - considering how new projects or activities will be funded
- Identification of premises priorities as per asset management plan
- Risk management process identifying any uncertainty in future income streams

2. Authorisation of use of reserves

Authorisation to use reserves of any kind, other than those agreed during budget setting, will be made by the Trustees and/or the Finance and Premises Committee, at the next available meeting - approval will be noted in the minutes.

3. Reporting and monitoring

The Finance and Premises Committee will regularly monitor the level of reserves throughout the year as part of the normal monitoring and budgetary reporting process.

The Trustees are responsible for ensuring that the reserves policy continues to be relevant as the school develops or changes its strategy or activities. The Trustees will also review the statement on reserves in the trustees' annual report where there have been significant changes in the reserves policy or level of reserves held.

4. Level of Reserves

DfE guidance suggests that for a majority of trusts, reserves of between 5% and 20% of total income is appropriate. The DfE are likely to take a closer look at trusts whose reserve levels fall outside of this range.

The Trusts current reserves levels fall within these guidelines. Any decisions regarding the use of reserves will be made with regards to this guidance.

Planned use of reserves:

£200,000 will be held in the schools main current account, equivalent to 4 weeks of expenditure to allow time to develop new sources of income or to cut-back on related expenditure.