

Alexandra Academy Trust Reserves Policy



If you need this in an alternative
format

For approval by the Audit committee	Autumn 2023
For Review annually	Autumn 2024

Signed _____ (Chair of Audit committee)

Dated _____

Reserves Policy

Trust Mission statement

‘Working together to create better futures’

Purpose

1. Maintaining an appropriate level of financial reserves is considered essential in protecting the Trust and its Academies from financial risk generated by, for example;
 - income reduction due to Government funding changes
 - unexpected falls in pupil 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 each school’s primary objective is preserved. At the same time, the Trust wishes to ensure that it uses its funding to benefit the pupils in its care which implies an imperative to actively consider the use of reserves to enhance educational provision.
3. Trustees will monitor levels of reserves in financial reports provided by the Chief Financial Officer 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 consider the following:

- one-month salary bill.
 - each school’s annual budget
 - the need for any large project spends 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.
4. This policy will be reviewed annually. This annual review will encompass the nature of the income and expenditure streams and commitments to ensure adequate reserves are in place should the unexpected occur. The outcomes of these factors will inform the academy trust’s long-term reserves policy and as an interim measure the academy trust has agreed that the minimum level of reserves held for revenue purposes should fall no lower than 8% of the General Annual Grant (GAG) as a minimum. The free reserves currently held by the academy trust are to be maintained to guard against any future reductions in funding, increases in unfunded costs or disruptions to cash flow.