

CARWARDEN HOUSE COMMUNITY SCHOOL

RESERVES POLICY

Updated Annually Autumn Term by Audit, Risk and Resources Committee

Reviewed by Audit & Resources Committee – 6th March 2025

Due for review – Autumn 2026

PURPOSE

The purpose of the reserves policy is to ensure the stability of the Academy's organisational operations, so that it has the ability to adjust quickly to changes in financial circumstances, such as large unbudgeted expenditure, cyclical maintenance and working capital.

DEFINITIONS AND GOALS

Restricted Reserves
Restricted reserves are those funds received by the academy from either its main ESFA funding grant, other grant contributions or donations that are received for a specific project or purpose. These funds are restricted for use according to the funding agreements or donors' instructions. The level of reserves will be determined by Trustees annually and can fluctuate depending on operational needs, but the Trustees have determined that the Academy should aim to have a minimum of one month's operating costs (currently £250,000) held in reserve. This is to provide sufficient reserves to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

- Based at 10% of GAG (General Annual Grant) Revenue reserve
- Uncertainty particularly relating to capital projects

Calculation

• 10% of GAG @£1,600,000=	£160,000
• Capital reserve for uncertainty	£ 90,000
Total	£250,000

All reserves are reported and reviewed regularly at Audit, Risk & Resources Committee meetings and expenditure affecting reserves submitted for approval by the Trustees. A review will encompass the nature of the income and expenditure requirements and the need to match income with commitments and the nature of reserves.

Unrestricted Reserves
These are derived from the academy's activities for generating funds, for example lettings and donations which are expendable at the discretion of the Trustees to achieve the objectives of the Academy. These funds will be reviewed regularly by the Audit, Risk & Resources Committee and are obtained through one off donation and are generally built up over time from fund generating activities and investments.

USE OF RESERVES

1. Identification of appropriate use of reserve funds
The Trustees and SLT will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserve as described in this policy.

This step requires analysis of the reason for any shortfall, the availability of any other sources of funds before using reserves and evaluation of the time period that the funds will be required and replenished.

2. Authorisation of use of reserves

Authorisation to use reserves of any kind will be made by the Audit, Risk & Resources Committee and approved by the full Trustee Body at the next available meeting. The approval should be noted in the minutes.

3. Reporting and monitoring

The Trustees are responsible for ensuring that the funds are maintained and used only as described in this policy. Upon approval for the use of these funds, the Academy will maintain a record and the Audit, Risk & Resources Committee will regularly monitor progress until correct reserves are re-established.

REVIEW OF POLICY

This policy and the funding agreements/donor instructions will be reviewed by the Audit, Risk & Resources Committee annually in the autumn term, when the level of reserves is determined.

Changes to the policy will be recommended by the Audit, Risk & Resources Committee for approval by the Board of Trustees.