

RESERVES POLICY

Version: 1.1
Approved: 10 July 2018
Reviewed: 30 June 2021 (*without amendment*)
Next review: June 2024
Co-ordinator: Andy Fisher

Rationale

Maintaining an appropriate level of financial reserves is considered essential in protecting the school from financial risk generated from such things as income reduction due to Government funding changes, unexpected falls in student numbers, cash flow issues due to delays in receipt of funding and unforeseen emergencies.

Purpose

It is considered prudent to maintain a level of useable reserves sufficient to cover unexpected and unplanned events so that the school's primary objective is preserved. At the same time, the school wishes to ensure that it uses its funding to benefit the students in its care, which implies an imperative to consider actively the use of reserves to enhance educational provision.

Implementation (Roles and Responsibilities)

Governors will monitor levels of reserves via the monthly accounts and supporting documentation/financial spreadsheets provided by the Bursar and the School Business Manager, and through the annual financial statement prepared by the Auditors.

Governors 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 Governors will take into account the following factors:

- the cost of at least one month's salary bill;
 - the school's annual budget;
 - the need for any large project spend, such as facilities development or building condition needs;
 - any uncertainty, turbulence or expected reduction in funding arrangements;
 - any level of reducing transitional protection within the school funding and its expiry date; and
 - anticipated funding over the longer term demonstrated by the three-year budget plan.
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Links to other policies/documents

- Financial Procedures Manual
- Pay Policy
- Risk Management Policy
- Risk Register