



Reserves Policy

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1. Purpose

The purpose of the reserves policy for The Short Stay School in Norfolk is to ensure the stability of the academy's operations. Maintaining an appropriate level of financial reserves is considered essential in protecting the school from financial risk.

2. Definitions and Goals

In general it is considered prudent to maintain a level of useable reserves sufficient to cover unexpected and unplanned events so that the academy's primary objective is preserved. At the same time the Governors wish 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.

In deciding the level of reserves trustees will take into account the following

- Uncertainty, turbulence or expected reduction in funding arrangements
- The need for any large project spend to include facilities development, ICT investment or building condition needs
- Fluctuations in student numbers
- Cash flow issues due to delays in funding
- The academy's annual budget
- One month's salary bill

3. Restricted Reserves

Restricted reserves are represented by the main funding for the academy which is the General Annual Grant and other funds that are received for a specific project or purpose. These funds are restricted for the use according to the funding agreements of donors' instructions. The governors have determined that the appropriate level of restricted reserves to be held for non-earmarked expenditure should equate to **xxx%** of total funds to provide sufficient working capital to cover delays in the spending and receipt of grants and to provide a cushion for unexpected emergencies

4. Unrestricted Reserves

Unrestricted reserves are made up of the academy's activities for generating funds, investment income and other donations which are expendable at the discretion of the trustees in furtherance to achieve the objectives of the school. The governors will monitor the level of unrestricted reserves held and will ensure there are effective plans in place for its use but will not set a limit on the level that can be held.

5. Reporting and Monitoring

The governors are responsible for ensuring that the level and use of reserves is monitored. They will do this for the receipt of financial reports prepared by the School Business Manager. The academy will maintain a medium term financial forecast which will show how end of year reported reserves will be utilised.

6. Review of Policy

The policy will be reviewed annually or sooner if warranted by internal or external events or changes. The governing body must approve all changes.