

Warren Farm Primary School



Reserves Policy

Document Detail	
Category:	Financial Management
Authorised By:	Full Board of Trustees
Status:	Approved
Date Approved:	10/11/2022
Issue Date:	01/07/2022
Next Review Date:	01/07/2023

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Reserves Policy

1. Purpose

The purpose of the reserves policy for Warren Farm Primary School 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 Trustees 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.

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 governors in furtherance to achieve the objectives of the school.

The trustees have determined that the appropriate level of reserves to be held for non-earmarked expenditure should equate to 2% 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.

The academy will maintain a medium term financial forecast which will show how end of year reported reserves will be utilised.

5. Reporting and Monitoring

The trustees 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 Chief Finance Officer.

6. Review of Policy

The policy will be reviewed every 3 years or sooner if warranted by internal or external events or changes. The trust board must approve all changes.