



Reserves Policy 2023-2024

Coordinator	Helen Edwards
Review Frequency	Annually
Policy First Issued	2014
Last Reviewed	March 2024
Date policy considered by External HR Consultant	N/A
Date policy considered by External Solicitor	N/A
Agreed by LT on	5 th March 2024
Does this policy need to be agreed by Trustees? If yes, which committee?	Yes Resources
Agreed by Trustees on	6 th March 2024
This policy is communicated by the following means:	
Trustees	Resources committee as consulted as part of the policy review process & on GovernorHub
Staff	On staff SharePoint policies folder
Parents	n/a
Students	n/a

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1. Rationale

Maintaining an appropriate level of financial reserves is considered essential in protecting the academy from financial risk generated by, for example;

- income reduction due to Government funding changes
- unexpected falls in student numbers
- cash flow issues due to delays in receipt of funding
- emergencies

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 academy 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.

This policy seeks to define what these exceptional circumstances may be and what steps should be taken to ensure that reserves spending is agreed by Trustees.

2. Planning & Monitoring Reserves

The Trustees review the reserve levels annually. A significant reserves legacy from the school prior to academy conversion was built up and as such these are unrestricted. The Trustees carry forward levels of resources designed to meet the long-term needs and planning of the Academy, including funding for some capital projects as well as an element for unforeseen contingencies. At the end of the financial year, the academy may carry forward unspent GAG (General Annual Grant) funding from the previous year without limit. The Trustees are mindful of the need to ensure that existing students are not disadvantaged through the retention of excessive reserves.

Trustees monitor levels of reserves via financial reports provided by the Academy Business Leader and in the annual financial statement prepared by the Auditor. It is the responsibility of the Resources Committee to monitor the ongoing reserves levels and discuss and agree any proposals for expenditure from this funding. Trustees 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 take into account the following:

- one month salary bill (approximately £693,000 in 2023-2024).
- the academy's annual budget (approximately £10.5 million in 2023-2024; a 1% contingency amounts to £105k; 5% to £525k and 10% to £1.05m).
- the need for any large project spend such as facilities development or building condition needs, particularly in light of the fact that the LEA's lifecycle funding ended from 31 December 2023.
- any uncertainty, turbulence or expected reduction in funding arrangements or unfunded national pay awards
- other possible future funding changes.
- required investment in ICT infrastructure in line with the agreed IT lifecycle plan



- implications of national curriculum changes - de-funded BTECs and new AAQ award
- exceptional short-term staffing costs

3. Reserves Planning for 2023-2024

Central Government funding has been reducing in real terms and is forecast to continue to reduce in real terms in the short to medium term. CGA set a balanced budget for the last 3 years. However, current forecasts suggest there are likely to be deficit budgets in future years. An element of the reserves may be needed to make good future budget deficits. Otherwise, there is no legal restriction on the use of the reserves.

The Trustees have formulated the following guidelines for the use of reserves:

- a) No more than 10% of reserves should be used to make good a deficit in any financial year (i.e the Academy should not run a deficit budget which is greater than 10% of the reserves from the previous year).
- b) There should always be a “buffer” of reserves carried forward to the next financial year of at least 3% of the previous year’s funding allocation (3%-5% of the 2023-2024 funding allocation from the EFA equates to £315,000-£525,000).
- c) Otherwise, the reserves may be spent on projects which meet the following criteria:
 - A project proposal with detailed costings has been submitted to Trustees for consideration. The project proposal form in Appendix A must be used. The project proposal must be made available to all Trustees in advance of the meeting at which it is to be discussed. Such proposals can only be considered at either Resources or the Board of Trustees meetings. The project proposal must already have been reviewed and approved by the Leadership Team.
 - If the Trustees (or the Resources Committee) are not satisfied that the project proposal should be approved and/or consider that one or more of the matters listed in the Project Proposal form (see Appendix A) have not been satisfactorily dealt with in the project proposal, the proposal may be rejected or the Trustees may request that it is revised and resubmitted.
 - Any project proposal (including any revised project proposal) must be approved by the Board of Trustees or by Resources Committee.
 - The minutes of the meeting at which the proposal is approved must record the basis on which the Trustees have agreed that the proposal satisfactorily covers the matters set out in the bullet points above and otherwise is in accordance with these guidelines.



- Where time and meeting constraints mean that approving any outstanding matters would result in delays which would render the project obsolete in the current financial year, where Trustees have agreed with the general principles of the Project Proposal, a limited number of non-material outstanding issues can be agreed electronically by the Chair of Trustees or Chair of Resources.



Appendix A - Project Proposal for Trustee Consideration

This proposal is being submitted as reserves funding is being requested. This must be considered by the Resources Committee or the Board of Trustees. The proposal must be made available at least one week in advance of the meeting.

Project Name	Name of person accountable	Date of Proposal
Section 1. What is the project? Give full details of what is being proposed and when it was approved by Leadership Team.		
Section 2. Details of the project		
Why was this not identified in an existing Action Plan?		
Why this approach, eg what is the evidence base for successful outcomes?		
How will it be implemented/ delivered?		
What is the timescale for key activities?		
Section 3. How will you measure success?		
What are the success criteria?		
How will you track progress against success criteria/ outcomes		
When and how will you feedback on progress?		
Section 4. Funding Implications		
Resource Needed	Cost of Resource	
Section 5. Value for Money		
Please explain how this gives Value for Money. Have you considered alternative solutions? If so what and why are these not viable? What will be the impact of NOT agreeing this bid?		

Outcome of proposal:

Feedback from Trustees	
Funding agreed	£