

## RESERVES POLICY

<b>Prepared By</b>	Chief Financial Officer
<b>Approved By</b>	Hamwic Education Trust Board of Directors
<b>Approval Date</b>	4 October 2017
<b>Policy Review Date</b>	September 2018

## RESERVES POLICY

For the purpose of this document, all references to the Trust refers to Hamwic Education Trust, Hamwic Trust and all associated multi-academy trusts & academies.

### Introduction

The Directors of the Trust are aware of the need to secure its financial viability beyond the immediate future and must be able to absorb setbacks and to take advantage of change & opportunity.

The Trust is predominantly funded by contributions from the academies within the Trust. These contributions are not fixed and are reviewed annually. It is considered good practice for the Trust to seek to build some financial reserves which will allow future commitments or unforeseen events to be covered with minimal impact on the ability to deliver the support services expected.

The Trust will find their decision to hold reserves is subject to scrutiny or comment in the public arena. This document is intended to provide stakeholders with a clear explanation of the nature and purpose of any reserves held.

Reserves are defined as any surplus held by the Trust that is freely available for its general purpose. Any reserves that are restricted in nature are excluded for the purpose of this document.

The Directors have the responsibility to manage the assets of the Trust. The Directors must consider both the needs of today's pupils as well as the future of the Trust and academies. Holding back excessive reserves may damage the education of the current pupils. Conversely, holding no reserves could damage the education of future pupil's.

This policy has been prepared in consultation with the strategic & operational plans of the Trust which includes the following:

- Forecast levels of income in future years, taking into account the reliability of each source of income and the prospects for other sources of income
- Forecast levels of expenditure in future years based on known & planned activities
- Analysis of any future development needs & opportunities that are not to be met out of annual income, including capital expenditure

### Central Reserves

The Directors have determined that the level of reserves to be held centrally by the Trust is to be no more than £100,000 unless expressly approved by the Board of Directors.

Any reserves held over this agreed level at year end will be refunded to academies on the basis of their contribution for that year.

This level is to be reviewed each year during the budget setting process.

The reserves are to be controlled by the Chief Financial Officer with any expenditure against these reserves to be approved by the Directors.

### **Academy Reserves**

Local Governing Bodies will determine the level of reserves to be held by each academy.

By the end of the first half term every year, each academy will complete an Academy Reserves Policy. This policy states how much the academy will hold in reserve and the level of reserves held at the preceding year end. Where the level of reserves held at the preceding year end is higher than the amount stated in the policy, the academy is required to provide an explanation as to what actions they will be taking to bring the reserves in line with the policy. This explanation must include the following information:

- What specific actions will be taken
- Approximate costings for each action
- Estimated completion date for each action

Academy Reserves Policies are to be submitted to the Chief Financial Officer.

**Academy Reserves Policy**

<b>Academy Name</b>	
<b>Reserves Policy Amount</b>	
<b>Reserves at Year-End</b>	
<b>Actions</b> (if reserves at year-end are higher than reserves policy)	
<b>Local Governing Body Approval Date</b>	