



# Reserves Policy

For the Following Academies:

Holy Trinity C of E Primary School  
Connaught Junior School  
Crawley Ridge Infant School  
Crawley Ridge Junior School  
Windlesham Village Infant School

This Reserves Policy was approved and adopted by the Trust Board: Aut 2023  
It will be reviewed: Aut 2024

### **Rationale**

A Reserves Policy is intended to protect TAMAT's activities by providing a financial buffer against an unpredictable environment and to make provision for future cash flow requirements and capital procurement.

The policy and the reserve target will be based on an annual risk assessment of the internal and external operating environment. This should be completed before 31<sup>st</sup> December of each year after the reserves have been audited.

The policy will be in line with the Academies Financial Handbook and guidance from the Charity Commission.

The Charity Commission requires:

- any income received by the Trust to be spent within a reasonable period
- a Reserves Policy that takes account of the Trust's financial position
- monitoring of the level of reserves held
- the Reserves Policy is included in the annual report

### **Definitions**

There are three types of reserves:

- unrestricted reserves which can be used to meet any of the objectives of the Trust
- designated reserves are part of unrestricted reserves that have been set aside to be used for a future project or commitment. Although earmarked, a designated reserve remains part of the unrestricted reserves of the Trust
- restricted reserves which are to be applied to a specific purpose imposed by the funder

### **Reserves Target**

The target of unrestricted reserves should be equal to one month's average payroll costs. This is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies. The target of free reserves will be published in the annual report.

### **Banking Arrangements**

All reserves will be pooled and held in the central bank account, although they will still be designated to each academy.

### **Use of Reserves**

The Trustees and Executive Team will confirm the use of any reserve is consistent with the purpose of the reserve. This may require the analysis of the reason for any shortfall, the availability of other sources of funds and the time the funds will be required and replenished. Authorisation for an academy to use its reserves will be firstly authorised by the LAB up to £30,000 and then above this amount will need to be agreed by the Trustees at the Business Committee,

the outcome will be recorded in the minutes. If this authorisation is required within a more immediate timeframe then a special board meeting of the trust may be convened.  
On approval for the use of reserves, the academy will maintain a record of the use of the funds.

Currently, reserves are pooled together as cash and held in one central bank account. However, they are still designated as belonging to each individual academy. These cash reserves may be used to support group wide initiatives (including any future capital projects) or lent, on a temporary basis to other academies within TAMAT. These academies must follow the Intra-Trust Loan procedure as set out in the Finance Policy.

#### **Academies in Deficit**

An academy with an in year deficit will not be able to contribute to reserves and must use its own reserves to balance their budget, (subject to LAB and TB approval as set out above). If they have no accumulated reserves, then they must apply for an Intra-Trust Loan as set out in the Finance Policy.

#### **Academies Joining the Trust**

Schools joining the Trust may bring with them accumulated reserves. These will all be pooled in the central bank account but designated as the individual academy's reserves.