

RESERVES POLICY

POLICY / PROCEDURE / ACADEMY DOCUMENT:	RESERVES POLICY	
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POLICY STATUS:	Recommended	Statutory ✓
THIS VERSION APPROVED (DATE):	7th March 2016	
SIGNED: (CHAIR OF MEETING)	
MINUTED (DATE):	7th March 2016	
REVIEW DATE:	March 2019	
COMMITTEE:	Leadership and Management	
RESPONSIBLE OFFICER:	Strategic Business Manager	

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1 PURPOSE

- 1.1 The purpose of the reserve policy for The Ashley School Academy Trust is to ensure the stability of the Academy's organisational operations, to protect it so that it has the ability to adjust quickly to financial circumstances, such as large unbudgeted expenditure, cyclical maintenance and working capital.

2 DEFINITIONS AND GOALS

Restricted Reserves

- 2.1 Restricted reserves are represented by the main income for the Academy which is General Annual Grant (GAG), other grant contributions or donations that are received for a specific project or purpose. These funds are restricted for the use according to the funding agreements or donors instructions.
- 2.2 An annual review will encompass the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. The level of reserves will be determined by governors annually and can fluctuate depending on operational needs but the Governors have determined that the Academy should aim to have a minimum of £250,000 held in reserves. The reason for 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 such as urgent maintenance.
- 2.4 All reserves are reported and reviewed regularly at management meetings and expenditure from reserves is required to be approved by the Governors.

Unrestricted Funds

- 2.5 These 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 Academy.

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- 2.6 The Academy is confident that it will meet the required pension contributions from its projected income without significantly impacting on its planned level of charitable activity, it continues to calculate its 'free' or general unrestricted reserves without setting aside designated reserves to cover the pension liability.
- 2.7 These funds will be reviewed regularly by the Leadership and Management Committee and are obtained through one off donations and are generally built up over time from fund generating activities and investments.

Designated Funds

- 2.8 These are unrestricted funds that have been allocated by the Governors for a particular purpose.
- 2.9 These funds are reviewed regularly and approved by the Leadership and Management Committee; they are set aside as designated funds from the unrestricted fund balances.

3 USE OF RESERVES

Identification of appropriate use of reserve funds

- 3.1 The Governors and staff will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserve as described in this policy. This step requires analysis of the reason for any shortfall, the availability of any other sources of funds before using reserves and evaluation of the time period that the funds will be required and replenished.

Authorisation of use of reserves

- 3.2 Authorisation to use reserves of any kind will be made by the Leadership and Management Committee, at the next available meeting the approval should be noted in the minutes.

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Reporting and monitoring

- 3.3 The Governors are responsible for ensuring that the funds are maintained and used only as described in this policy. Upon approval for the use of these funds, the Academy will maintain a record of the use of the funds. The Leadership and Management Committee should regularly monitor the progress of the reserves.

4 REVIEW OF POLICY

- 4.1 The Headteacher and trustees will carry out a review of this policy on a regular basis to ensure that any new or changed legislation is adhered to. The next review date is recorded on the front cover page of this policy document and should be undertaken at that time, upon changes to legislation or other relevant events, or within a maximum of three years of the anniversary of the approval of this version of the policy.

5. REFERENCES

- 5.1 This policy has been drawn-up taking into account guidance from the Charity Commission's *Charities and Reserves: A Guide for Trustees* document which can be found here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/303074/cc19text.pdf

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Academy Version 2015-2016/002 2014-2015/001	v.002 - February 2016 v.001 - March 2015
Date agreed by the Leadership & Management Committee:	7 th March 2016
This policy updates and replaces that approved by Governors:	2 nd March 2015
<p>In this policy as in all documents of The Ashley School Academy Trust (“TASAT”) any reference to The Ashley School, The Academy, School, Governors of The Ashley School or Trustees of The Ashley School is a reference to The Board of Directors of The Ashley School Academy Trust and any reference to the Headteacher of The Ashley School is a reference to the Chief Executive Officer of TASAT.</p>	
<p>The Ashley School Academy Trust An exempt charity limited by guarantee Company Number: 07729412</p>	