



Reserves Policy

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Owner	Director of Finance
Source	The Key

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DEFINITIONS

The Company's standard set of definitions is contained at [Definition of Terms](#) – please refer to this for the latest definitions.

1. Introduction

Everychild Partnership Trust is responsible for the effective and efficient use of available resources. These responsibilities are outlined by the Charities Commission in their published guidance:

<https://www.gov.uk/government/publications/charities-and-reserves-cc19> the Academy Trust Handbook 2024 [Academy Trust Handbook 2024](#) and the ESFA guidance <https://www.gov.uk/government/publications/academy-trust-financial-management-good-practice-guides/academy-trust-reserves>

Everychild Partnership Trust is ultimately responsible for the allocation of resources to deliver the vision of the Trust.

The Academies Trust Handbook states “The board of trustees must, as part of its management of the trust's funds, set a policy for holding reserves and explain in its annual report and may invest to further the trust's charitable aims but must ensure that investment risk is properly managed”

The Trust will retain unrestricted funds to be used for:

- Assisting in strategic planning by considering how new projects or activities will be funded.
- Informs the budget process by considering whether reserves need to be used during the financial year or built up for future projects.
- Informs the budget and risk management process by identifying any uncertainty in future income streams.

The ESFA do not set a required level of reserves. Instead, they request Directors (Trustees) decide the level of reserves to hold that is appropriate for the individual circumstances and priorities of their Trust – and should review this regularly to ensure that they continue to meet the needs of all pupils.

2. Reserves Policy

Types of reserves

Unrestricted Funds

Unrestricted funds represent self-generated funds and donations which may be used towards meeting any of the charitable objects of the Trust at the discretion of the Board.

Restricted General Funds

Restricted general funds comprise all other restricted funds received with restrictions imposed. These would predominantly be government grants but may include funds from other sources.

Restricted Fixed Asset Reserves

Funds must be set aside to cover the remaining net book value of all assets that the Trust holds; whether assets are donated to the Trust, or purchased by the Trust. These funds are not available to be spent.

Any unspent Capital Funds are also held within Restricted Fixed Asset Reserves, to ensure they are not used to fund revenue deficits.

Academy reserves will be held centrally.

The Board will approve annually in advance any strategic (Trust wide) use of pooled reserves as part of the 3 year plan approval process.

The Everychild Partnership Trust Reserves Policy:

- assists in strategic planning by considering how new projects or activities will be funded.
- informs the budget process at both a school and Trust level by considering whether reserves need to be used during the financial year or built up for future projects.
- enables investment decisions to be made at School level, where necessary utilising reserves across the Trust; and
- informs the budget and risk management process by identifying any uncertainty in future income streams.

The purpose of this policy is to update the requirement for a revenue/capital reserve within the Trust in order to ensure development plans and strategic long terms aims are achieved. The reserves held are intended to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies.

Reserves of the Trust are considered to be funds that are deployed at the discretion of the Trust Board.

In year surplus monies can be deployed at the discretion of the Trust Board.

Only in exceptional circumstances will the Trust be allowed to use reserves to support a short term deficit.

A clear timing and action plan to bring schools out of deficit is required prior to approval. This must be approved by the Trust Board

The Trust has a fiduciary responsibility to carry sufficient free reserves to manage potential future financial

risks as a result of:

- structural deficits: maintaining schools with historic and/or structural deficits whilst executing robust deficit recovery plans; and
- growth: providing working capital and short-term deficit funding for new schools joining the Trust.

meet future capital requirements (e.g. building repairs, IT infrastructure) where it is anticipated that there may be a shortfall against future eligible capital funding, such that free reserves will need to be drawn upon to meet the strategic long-term capital plans of the Trust. Where a shortfall in capital funding is identified, the Trust Board have the discretion to designate free reserves against this future funding requirement. The recommendation is to allocate an overall amount each year, from retained reserves brought forward, against which additional in year approval is required through the Trust Board.

provide the Trust with a buffer of general reserves to be drawn down in times when income is disrupted or decreased, or costs are increased unexpectedly, such that any given buffer will allow the Trust to continue to operate without material impact to educational outcomes or the Trust's pupils or staff. The appropriate target level of reserves in any given financial year is reviewed annually by the Trust Board

The Trust also has a responsibility to ensure that reserves are not excessive and as such would represent an educational risk to maximising the educational outcomes of the pupils within the schools in the Trust.

Target reserves for the financial year

The level of available reserves and this policy will be reviewed by the Board on an annual basis as part of the budget setting plan. To ensure strategic and operational risks and opportunities are mitigated/maximised, Trust reserves will not fall below the highest figure of either;

- a) 1 x months' salary across the Trust, or
- b) total of each Schools' unspent Restricted General Funds.

3. Monitoring Arrangements

The Director of Finance monitors the implementation of this policy on behalf of the Trust Board.

This policy will be reviewed and approved by the Trust Board annually.