



RESERVES POLICY

THIS POLICY WAS APPROVED:	SPRING 2017
THIS POLICY WILL BE REVIEWED:	SPRING 2018
MEMBER OF STAFF WITH RESPONSIBILITY FOR REVIEW:	DIRECTOR OF FINANCE

ANGLIAN LEARNING RESERVES POLICY

Anglian Learning has in place the following reserves policy and the Trustees review the reserve levels regularly and this policy at least annually.

Reserves are held by Anglian Learning to ensure it can operate effectively, specifically to:

1. Meet any unforeseen emergency or unexpected needs for funds eg: urgent repairs.
2. Provide time to take action should funding levels fall eg: to enable the Academy the option to respond through natural wastage rather than through redundancy of staff.
3. Meet planned commitments that cannot be met through future income alone eg: major asset purchase or extension
4. Fund short-term deficits in cash whilst waiting receipt of funding
5. Manage annual variations in student numbers and to provide a cushion to deal with unexpected emergencies.

The Trustees have determined that the appropriate level of free reserves (total funds less amounts held in fixed asset and restricted funds) should be:

- One month of budgeted annual expenditure – reserves up to this level will be deemed Trust reserves.

As part of its Reserves Policy, Trustees give careful consideration to the cash flow implications that arise from increased or decreased contributions to its defined benefit pension scheme under FRS17. Where contributions can be met from future projected income without significant impact on the levels of activity then Trustees will not designate any of their existing funds to meet future pension commitments. Where contribution increases cause uncertainty or would result in a curtailment of activities, governors would seek actuarial and legal advice and prudently create a designation of existing funds.

The following expectations for all members of the Trust are:

1. All schools will be required to set a balanced in-year budget
2. In exceptional circumstances, if approved, in advance, by the trust board, a school may draw on any school based reserves (ie those in excess of the Trust stipulated minimum as documented above) to meet a predicted shortfall.
3. Where reserves are not available, the school will first seek to liquidate any school based assets.
4. Where such assets are not available, or cannot be liquidated within the required timescale, the trust board will consider a request to offer a short-term loan to the school from broader trust reserves

Priority will be given as follows:

- Expenditure which will lead to an improvement in financial position either through cost reduction or income generation.
- Capital expenditure which cannot be met through external funding sources (which should be discussed by the Trust Board).

In instances 2-4 above, the school will be required to submit a detailed deficit recovery plan to the trust board for approval.