



Reserves Policy

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1. Introduction

- 1.1 The Exceed Academies Trust (the Trust) Board 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>
- 1.2 The Trustees are responsible for managing fluctuations in the overall financial position of the Trust. They are responsible for ensuring that the Trust meets both the needs of today's pupils as well as future pupils.
- 1.3 Trustees must consider the volatility in the funding of education and the need to manage resources effectively over a longer term period aligned to strategic and operational plans.

2. Balanced Budget

- 2.1 Each academy within the trust is expected to set a budget each year using the GAG and other grants reasonably foreseen and match expenditure to income. Any accumulated reserves at the end of each year will be held in support of:
- Contribution to capital projects planned or in development
 - Financial commitments made but not yet come to fruition
 - Investment in future educational initiatives
 - Cash flow requirement
 - Contingency against unforeseen events
 - Immediate short-term resource capacity requirements, where there is a proven need.
- 2.2 The following factors will be considered:
1. Reserves must have a specific purpose related to future spending or covering current and future risks
 2. The size of the reserves should balance the benefit of current spending with the risks the reserves cover
 3. They should be transparent and maintain the link with the purposes for which the income was given
 4. They should ensure that sufficient resources are available so that unexpected events can be accommodated without causing current year problems, leading to deficit or cash flow issues.
- 2.3 Whilst the DfE require reserves to be limited to a level where its use in the future is known, there is an overriding need to ensure value for money and business continuity.

3. Maintaining a Level of Reserves

- 3.1 The agreed level of reserves for each mainstream academy is to retain between 5 and 7% of their annual GAG to cover cash flow and contingency.
- 3.2 The Trust retains the right to mandate a level of reserves retention for those academies reliant on base and top-up funding where there is uncertainty around national funding formulae in order to mitigate risk to the Academy.

The Trust also retains the right to mandate a level of reserves to those parts of the trust who are not subject to per pupil funding. Such parts will be informed of their expected level of reserves at the start of each budget cycle.

3.3 Other amounts may also be retained for planned or anticipated future capital projects or investment in educational initiatives.

3.4 Where an academy has reserves balances of less than 5% a plan to build up reserves over 3-5 years must be put in place.

4. Spending of Reserves

4.1 The Trust retains the right to utilise the reserves of an academy in the best interests of the academy or wider Trust.

4.2 Academies have access to their agreed reserves with the permission of the Trust for agreed planned expenditure, understanding that some reserves are essential to securing the financial stability of the Trust as a whole.

4.3 An academy must be able to present a surplus in year budget for at least two years in order to be granted approval to spend reserves balances.

4.4 The expenditure of reserves (over above the schools approved in-year budget) should be submitted to the Trustees as a business case.

5. Advances on Reserve Spending

5.1 Academies are able to apply for advance funds from Trust reserves in exceptional circumstances and/or in order to secure rapid improvement not otherwise possible. Academies carrying budget reserves will be required to use their own reserves first. Access to Trust reserves will require a business case for the approval of the Trustees.

5.2 Advance funds from Trust reserves will be on a loans basis, to be repaid in full by the Academy according to a repayment schedule agreed in advance with the Trust.

5.3 The Trust Board has discretion at all times in the level of reserve funds advanced and the duration of the loan.