



SARACENS
MULTI-ACADEMY
TRUST

RESERVES POLICY

Policy Date: March 2019

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Review Date: March 2022

Saracens High School
Lanacre Avenue, NW9 5FN

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1. Aims

This policy confirms Saracens Multi Academy Trust's commitment to developing a level of reserves to support the growth of Saracens High School to capacity while at the same time enabling the achievement of the Trust's vision and objectives in the delivery of a high quality and enriched curriculum.

Maintaining an appropriate level of financial reserves is considered essential in protecting the school from financial risk generated by, for example;

- income reduction due to Government funding changes and the National Funding Formula
- unexpected falls in student numbers
- cash flow issues due to delays in the receipt of different strands of income, particularly in the first few years of operation
- cost pressures from pay and pension increases which are not funded or only partially funded
- emergencies while in temporary accommodation

2. Reserves approach

In general, it is considered prudent to maintain a level of useable 'free' reserves sufficient to cover unexpected and unplanned events so that the school's primary objective is preserved. As the school is growing, the first priority is to build a level of reserves.

The Trust aims to operate a level of free reserves of around 7% of GAG funding in the first two years after opening. The Trust would, however, be comfortable with a level of reserves ranging from 5 to 9%. 7% is the approximate amount required to cover one month's salaries, which is a measure often used by Finance Directors to equate to a desirable level of free reserves.

Building reserves is necessary in relation to known high cost years such as 2020/21, with GCSE book costs, estimated to be in the region of £50,000. This is always to be balanced with the need to spend appropriate and sufficient monies in-year to enable the best educational outcomes for the current pupils.

3. Monitoring arrangements

Governors will monitor levels of income and expenditure and the cashflow position in monthly management accounts provided by the Trust Business Manager and in the annual financial statements prepared by the Auditor. The Audit Committee will consider the level of reserves at least once a year.

This policy will be approved by Board of Trustees.

This policy will be reviewed by Audit Committee annually.