



SARACENS MULTI-ACADEMY TRUST

RESERVES POLICY

Policy Date: March 2019

Agreed by Trust Board on: 14th July 2022

To be reviewed by Audit and Risk Committee: July 2024

Saracens High School
Corner Mead NW9 4AS

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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
- cost pressures from pay and pension increases which are not funded or only partially funded
- projects needed to enable the school to best provide for current and future cohorts
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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 a school is growing the first priority is to build a level of reserves. Once a school is close to capacity, holding reserves should be balanced with the need to spend appropriate and sufficient monies in-year to enable the best educational outcomes for the current pupils.

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%. In the longer term, the Trust aims to hold as a minimum the approximate amount required to cover one month's revenue expenditure. Typically trusts hold around one month's expenditure in reserve as a cash flow contingency but may also wish to hold additional reserves to fund specific capital projects or educational initiatives. Reasons for holding higher levels of reserves will be agreed by the Board on an annual basis as part of budget setting and documented in the financial statements. This is likely to be predominantly for major capital works.

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 & Risk 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 & Risk Committee every two years.