



RESERVES POLICY

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<u>Approvals</u>			
Name	Position	Signature	Date
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John Leam	Chair of Trustees	<i>J Leam</i>	8 th July 2019

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Version	Date	Author	Note of Revisions
1	March 2018	A D'Arcy	
2	July 2019	E Moggridge	Wording changed throughout in reference to "Trustees, Principal, Pupil, AEC"
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1. INTRODUCTION

The Trustees of Accord Multi Academy Trust recognise that the Reserves Policy must address the management of financial risk across the Trust, whilst being mindful that existing students are not disadvantaged through the retention of excessive reserves.

A target level of reserves has not been set across the Trust as it is expected that each member academy will be reviewed on an individual basis with reference to their funding needs and requirements.

2. PERSON RESPONSIBLE

The Trustees of Accord Multi Academy Trust are responsible for determining the content of the policy. The Governing Body of each member academy will review the policy that has been determined by the Trustees, and the Principal/Head Teacher and are responsible for the implementation of the policy and reporting any non-compliance to the Governing Body and Chief Executive Officer.

3. MONITORING AND EVALUATION OF THE POLICY

The Trustees will review the policy on an annual basis to assess the impact of any changes in legislation or direction from the DfE. The policy will also be evaluated with reference to any comments made by the DfE, EFA, Trust auditors or any other interested parties.

4. POLICY AIMS

- To ensure a consistent reserves policy across all member academies within the Trust.
 - To ensure internal control arrangements within the Trust are operating effectively and assure proper stewardship over public funds.
 - To ensure that Trustees receive oversight of the reserves position of the Trust and challenge this position as required.
 - To ensure that each member academy adopts a structure of prudent financial management and maintains sufficient reserves to meet the future needs of the academy.
 - To inform the budget process by considering whether reserves need to be used during the financial year to address an in-year deficit budget.
 - To assist in strategic planning by considering how new projects or activities will be funded.

5. SCOPE OF RESERVES POLICY

This policy has been formulated in accordance with the Academies Financial Handbook, published by the Education Funding Agency.

As documented in the handbook:

2.2 Financial planning, monitoring and reporting

2.2.2 “The board of trustees must approve a balanced budget, and any significant changes to that budget, for the financial year to 31 August, which can draw on unspent funds brought forward from previous years. The board must minute their approval(s).”

2.2.5 “The board of trustees must notify the EFA within 14 days if it is formally proposing to set a deficit revenue budget for the current financial year which it is unable to address, after unspent funds from previous years are taken into account.”

3.1 Managing General Annual Grant (GAG)

3.10.2 “The EFA previously set limits on the amount of GAG that could be carried forward by trusts from year-to-year. These limits have now been removed for eligible trusts. Trusts should use their allocated GAG funding for the full benefit of their current pupils. If a trust has a substantial surplus they should have a clear plan for how it will be used to benefit their pupils, for example a long-term capital project.”

3.10.3 “The EFA will report to the DfE any trusts where it has serious concerns about a long-term substantial surplus with no clear plans for its use.”

Increasing the reserves balance

It is expected that the academies within the Trust will set a balanced budget for the year. Any forecast in-year surplus will be reviewed by the Board of Trustees, Chief Executive Officer and Director of Finance for the Trust to ensure that existing students are not disadvantaged through the retention of excessive reserves.

Expenditure against the reserves balance

Any request for expenditure against the reserves balance must be notified by the academy to the Chief Executive Officer and Director of Finance for the Trust. This will enable the Trust to identify when, and for what reason, it is required to draw upon reserves and can consider what corrective action, if any, needs to be taken.

Any deficit budget that is forecast for the following financial year must be accompanied by a deficit recovery plan to ensure the long term financial stability of the academy.

Planned expenditure against reserves can include, but is not limited to, the following:

- Management against short term fluctuations in income e.g. reduced student numbers.

- Funding of unforeseen expenditure e.g. urgent maintenance work.
- Funding of material capital projects e.g. building improvement works.
- Delivering a robust programme for renewal and replacement of academy assets e.g. ICT hardware.
- Funding of staffing costs that cannot reasonably be reduced within the required timeframe, up to the point that procedures can be implemented to reduce costs moving forward.
- Funding of redundancy costs/severance payments to facilitate cost reductions moving forward.

6. POOLING OF RESERVES

The Trustees maintain that the reserves balance of each Academy will remain with the relevant Academy and will not be pooled by the Trust.

Any reserves that are accumulated in the Trust will be spent at the discretion of the Trustees.