



Reserves Policy

1. Introduction

1.1 The Trust retains a general reserve to provide sufficient resources to enable the Academy to continue to deliver high quality services to its school.

2. Reasons to have reserves.

2.1 Reserves are specifically required for the following reasons:

2.2 Loss of Income:

1. Change in grants
2. Reduction in pupil numbers and so a reduction in the value of the top slice of GAG.
3. Reduction in interest rates
4. Bad debts

2.3 Increase in Costs:

5. Inflation higher than expected
6. Changes in VAT and National Insurance levels
7. Unforeseen uninsured risk
8. Failure to obtain planning permission for new buildings requiring expensive temporary accommodation
9. Redundancy payments

2.4 The DFE/EFA provide indicative spending levels for 3 years, so giving this guarantee of funding it is appropriate to maintain reserves at a level of two months average cash flow.

3. Restricted Funds

3.1 In addition to these reserves there may be other designated funds from sources other than GAG which may not be spent in the financial year of the accounts and will be carried forward as restricted funds.