



Reserves Policy

Enquire Learning Trust
Ever Curious, Always Learning

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Version History

Date	Author	Version	Comment

1. Introduction:

The Trustees/Directors need to consider the level of reserves that the Trust should hold. Levels of reserves, which are too high tie up money, which should be spent on current activities, levels of reserves which are too low may put the future activities of the Trust at risk.

The Trust's reserves policy:

- Assists in strategic planning.
- Informs the budget process by considering whether reserves need to be used during the financial year or built up for the future.
- Informs the budget and risk management process by identifying any uncertainty in future income streams.

During the financial year the Trustees/Directors will identify:

- When reserves are drawn on, so that they understand the reasons for this and can consider what corrective action, if any, needs to be taken.
- When reserve levels rise significantly above target so that they understand the reasons and can consider the corrective action, if any that needs to be taken.
- Where the reserves level is too low and consider whether this is due to short-term circumstance or longer term reasons which might trigger a broader review of finances and reserves.

Development of the Reserves:

When setting an appropriate level of reserves, the Trustees/Directors will consider:

- The risk of unforeseen emergency or other unexpected need for funds across the Trust.
- Covering unforeseen day-to-day operational costs.
- A fall in any source of income ie reduction in pupil numbers.
- Planned commitments, or designations, that cannot be met by future income alone, for example plans for a major capital project.
- The need to support potential deficits.

NB/ The financial risks identified determine the amount of reserves the Trust will need to hold.

Target range of reserves for the financial year:

As the number of academies within the Trust increases so will the level of reserves, although not proportionately to the level of funding. As the Trust has a responsibility to ensure viability within each academy it is felt that the appropriate level of reserves currently should be equivalent to circa 3 months operating costs of the largest academy ie £600,000. The level of reserve will be reviewed and set on an annual basis as part of the budget setting plan taking into consideration the size of the Trust and the number of member academies.

2. Monitoring and evaluation of the policy

This policy will be monitored regularly for any changes in legislation or directions from the DFE which may have an effect and evaluated in the light of any comments made by the DFE, EFA, auditors and any other interested parties. The Principal Finance Officer will monitor the level of reserves throughout the year and report to the Directors on any problematic variances against the level set or potential issues given the current expansion of member academies.

3. Reviewing

The Trustees/Directors will carry out a review of this policy on a regular basis to ensure that any new or changed legislation is adhered to.