



**Carshalton High School for Girls**

***Reserves Policy***

## **PURPOSE**

This policy is intended to:

- ensure adequate cash balances are maintained in the current account to cover the core business of the Academy and to meet any unexpected cash-flow requirements (e.g. emergencies, delays in receipt of income, reductions in funding levels)
- manage the risks around investment to protect and optimise returns on invested funds and guard against market fluctuations
- establish reserves to meet the strategic long term aims and development of the Academy

## **RESERVES LEVEL**

Governors will monitor levels of reserves in financial reports provided by the School Business Manager and in the annual financial statement prepared by the Auditor. Governors will look to ensure that a prudent level of reserves is maintained, bearing in mind the recurrent spending needs to ensure high quality provision. In deciding the level of reserves Governors will take into account the following:

- one month salary bill
- the Academy's annual budget
- the need for any large project spend such as facilities development or building condition needs
- any uncertainty, turbulence or expected reduction in funding arrangements, including the level of transitional protection within the Academy funding and its expiry date
- anticipated funding over the next three years.

## **USE OF RESERVES**

To cover unexpected and unplanned events so that the Academy's primary objective is preserved. At the same time, the Academy wishes to ensure that it uses its funding to benefit the students in its care which implies an imperative to consider actively the use of reserves to enhance educational provision.

### **1. Identification of appropriate use of reserve funds**

The Governors and staff will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserve as described in this policy. This step requires analysis of the reason for any shortfall, the availability of any other sources of funds before using reserves and evaluation of the time period that the funds will be required and replenished.

### **2. Authorisation of use of reserves**

Authorisation to use reserves of any kind will be made by the Governors and the Finance and Audit Committee, at the next available meeting the approval should be noted in the minutes.

### **3. Reporting and monitoring**

The Governors are responsible for ensuring that the funds are maintained and used only as described in this policy. Upon approval for the use of these funds, the Academy will maintain a record of the use of the funds. The Finance and Audit Committee should regularly monitor the progress of the reserves.

#### **INVESTMENT OF RESERVES**

The Education Funding Agency's Academies Financial Handbook 2014 section 2.2.9 states:

*The board of trustees may invest to further their trust's charitable aims, but must ensure that investment risk is properly managed. When considering making an investment the board of trustees must:*

- *act within their powers to invest as set out in their articles of association*
- *have an investment policy to manage, control and track their financial exposure, and ensure value for money, particularly if using unfamiliar investment techniques;*
- *exercise care and skill in all investment decisions, taking advice as appropriate from a professional adviser;*
- *ensure that security takes precedence over revenue maximisation;*
- *ensure that all investment decisions are in the best interests of the trust and command board public support; and*
- *review the trust's investments and investment policy regularly*