



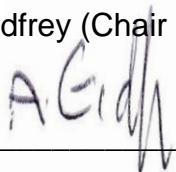
Reserves Policy

Policy Version Control

Version history see Annex A errata for details

Version No.	Policy Author	Date Updated	Review Date
2	K Jarvis	08.09.2017	September 2018

Approval: A Godfrey (Chair of Board)


_____ (signed) **Date authorised:** 12.10.2017

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Introduction

There are a number of constraints placed upon academies in terms of financial management. One of these constraints is the inability to borrow funds. This constraint represents a key risk to North View Academy in relation to financial planning and monitoring.

One of the ways in which the Academy mitigates this risk is through the effective management of reserves, which provide alternative temporary funding streams should there be a delay in grant receipts or a sudden unforeseen increase in expenditure.

Setting a reserves policy helps inform the way in which the Academy manages its cash, liquid assets and debt.

Level of Reserves

The main financial risk to the Academy is that of managing its short-term cash flow effectively. To mitigate this risk it has been agreed that an appropriate minimum reserves balance would equate to 4 weeks worth of expenditure, both in terms of salaries and invoices. In broad terms this would equate to approximately £110,000.

Restrictions

The EFA are able set limits on the sum of GAG that can be carried forward from one year to the next. There are currently no limits in place (as at August 2014 – Financial Handbook 2014 and the academy’s funding agreement)

The DfE does expect Academy Trusts to use their allocated funding for the full benefit of their current pupils. Therefore, the Academy will not build up a substantial surplus without having in place a clear plan for how it will be used to benefit our pupils.

Review of the Policy

The reserves policy will be reviewed by the Business and Finance Committee on an annual basis.

Annex A

Version No.	Change History	Guidance reference (if any)	Date
1			
2	Level of Reserves Value increased to £110,000 Edited “Business and Audit” to “Business and Finance”		08.09.2017