Reserves Policy

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Changes to this Edition

DATE	VERSION	DETAILS OF CHANGES
July 2024	1.0	First Edition
November 2025	2.0	No Changes
September 2026	3.0	1.0, 2.2, 2.5, 2.8

1.0 General Principles

The Academy Trust Handbook states 'The board of trustees must':

- ensure that financial plans are prepared and monitored, satisfying itself that the trust remains a going concern and financially sustainable
- take a longer-term view of the trust's financial plans consistent with the requirement to submit three-year budget forecasts to the Department for Education.
- set a policy for holding reserves and explain it in its annual report.

These principles apply to the St Francis Catholic Multi Academy Trust (CMAT) and any academy within the St Francis CMAT.

The St Francis CMAT is committed and responsible for the effective and efficient use of available resources in line with the following published guidance:

- Charity Commission Reserves Guidance
- Academies Financial Handbook
- Academy Trust Reserves guidance

The board is committed to ensuring that the Trust and its schools are protected against financial uncertainty and risk and will apply this policy to the benefit of all schools in the Trust.

The Department for Education do not set a standard level of required reserves. They do however, require Trustee's to decide on a suitable level for their Trust. The reserve Trustees set is required to be appropriate for the individual circumstances and priorities of their Trust

2.0 Policy

2.1 St Francis CMAT will pool revenue reserves each year following the approval and publication of the financial accounts and report.

2.2 The Trust will aim to hold reserves of at least 5% of total General Annual Grant (GAG) income including grants to be rolled into GAG in future years

2.3 Trustees will consider and approve proposals to release reserves to support the Trust's improvement strategies as part of the three -year financial planning process.

2.4 This reserves policy:

- assists in strategic planning by considering how new projects or activities across the Trust will be funded.

- informs trustees to consider whether reserves need to be used during the financial year or built up to assist with future projects.
- enables Trustees to make investment decisions.
- Informs the budget and risk management process by identifying any uncertainty of future income streams or drop in pupil numbers.

2.5 Schools within the Trust are expected to create reserves from their General Annual Grant (GAG) funding and other grants that will be rolled into GAG in future years.

2.6 Only in exceptional circumstances will the Trust be allowed to use reserves to support a short-term deficit. A clear timing and action plan to bring schools out of deficit is required prior to approval. This must be approved by the Board of Directors

2.7 Trustees recognise that schools onboarding to the Trust may not have the level of reserves as identified within this policy. They would however, expect to build up sufficient reserves within 2 years of joining the Trust.

2.8 The purpose of this policy is to update the requirement for a revenue reserve within the Trust in order to ensure development plans and strategic long-term aims are achieved. The reserves held are intended to carry forward a prudent level of resources designed to meet the long-term needs and any other unforeseen contingencies.

2.9 The Trust Board has a responsibility to ensure that reserves are not excessive and as such would represent an education risk to maximizing the educational outcomes of the pupils within St Francis CMAT.

2.10 Where a Local Academy Committee (LAC) believes that the school has been unfairly treated, he or she should submit a case in writing to the Executive Team for consideration. This case must set out the grounds on which they feel that the arrangement is unfair in the circumstances and propose a variation.

The Executive Team may recommend to the Finance Committee that:

- The arrangement should stand; or
- A variation should be granted.

2.11 The Finance Committee shall have regard to the advice of the Executive Team and may approve or reject the request for a variation. In exceptional circumstance the Full Trust Board will hear any appeals and the Board of Directors' decision shall be the final position.

3.0 Monitoring Arrangements

3.1 The CFO will monitor the implementation of this policy on behalf of the Trust

Board 3.2 This Policy will be reviewed and approved by the Trust Board annually.