

Reserves Policy

Community Inclusive Trust - Reserves Policy

- 4.1 This policy takes into account the following principles:
 - 4.1.1 Reserves must have a specific purpose related to future spending or covering current and future risks;
 - 4.1.2 The size of the reserves should balance the benefit of current spending with the risks the reserves cover;
 - 4.1.3 The reserves should be transparent and maintain the link with the purposes for which the income was given;
 - 4.1.4 Reserves should ensure that sufficient resources are available so that unexpected events can be accommodated without causing issues within the current year, generating a deficit or cash flow concerns.
- 4.2 Whilst the DfE require reserves to be limited to a level where its use in the future is known, there is an overriding need to ensure that there is value for money.
- 4.3 The Trust's Reserve Policy is not regarded as a static policy as circumstances will change with time. Therefore, this policy will be reviewed at least annually as part of the Trust's schedule of review.
- 4.4 This policy takes into account the following objectives:
 - 4.4.1 The Trust's approach to management of each of its reserves will be defined in order to meet the strategic aims and objectives.
 - 4.4.2 The process for management of reserves between each of the Trust's identifiable components will be defined.
 - 4.4.3 The process for in-year release of reserves will be defined.

5. Purposes and Setting of Reserves

- 5.1 Reserves are the representation of the cash balances available at the period end. In charity accounts (the format used for Academies) this cash is transferred into fund balances. These balances can be for "restricted" or "unrestricted" purposes depending on their source.
- 5.2 Community Inclusive Trust has four primary reserve categories for which their purpose is detailed below:
 - 5.2.1 **Free Revenue Reserve** – these are unrestricted and may be used however the Trust sees fit as part of achieving its strategic objectives, while still complying with the Academies Trust Handbook and the furtherance of the Trust's charitable objects. If part of an unrestricted income fund is earmarked for a project, it may be 'designated' as a separate fund. However, the designation has an administrative purpose only and does not legally restrict the directors' discretion to spend the fund. Unrestricted reserves will be achieved through operational efficiencies and any trading activities undertaken by the Trust.

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7. Release of Reserves: Budget Setting

- 7.1 As part of the budget setting process, specific projects or capital works may be identified that require the release of reserves due to their non-recurrent nature. Examples include capital works or high value educational improvement plans which are revenue in nature but will have a long-

Appendix 1: Initial Application for Release of Reserves

Initial Application for Use of Reserves	
School Name: 8 reMCID 20 BDC BT7 nreas4 (es)	
Applicant Name:	

Application Objective (delete as required): Increase
S49575M((r)T)EJ0260.6465220E308948416848BTEN

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Reviewed by: On behalf of the FAE Committee

Date reviewed:

Authorised: **Yes / No**

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