

# Reserves Policy

Frequency of Review	Every 1 year
Author	CEO/COO
Approved by	F,A&R Committee
Reviewed	Nov 2023
Date of Next Review	Nov 2024 (unless there is a material change)

## **1. Aims**

Maintaining an appropriate level of financial reserves is considered essential in protecting the school from financial risk generated by, for example.

- income reduction due to Government funding changes,
- unexpected falls in student numbers,
- cash flow issues due to delays in receipt of funding,
- emergencies.

In general, it is considered prudent to maintain a level of useable reserves sufficient to cover unexpected and unplanned events so that the school's primary objective is preserved. At the same time, the Propeller Academy Trust 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.

## **2. Roles and responsibilities**

Directors of the Trust will monitor levels of reserves in financial reports provided by the Chief Operations Officer and in the annual financial statement prepared by the Auditor and will look to ensure that a prudent level of reserves is maintained, bearing in mind the recurrent spending needs to ensure high quality provision.

## **3. Process for determining free cash reserves**

The Directors have determined that the appropriate level of free cash reserves should be approximately 5% of total incoming resources. The reason for this is to provide sufficient working capital to cover delays between receipt of grants expenditure, and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

## **4. Policy review process**

This policy will be reviewed annually unless there is a material change.

## **Appendix 1: Current Position Statement**

### End of year designated position

The reserves as at year end (31/8/23) were as follows:

- Unrestricted (free) reserves of £805,464 (2022: £566,988)
- A restricted fixed asset fund of £16,406,530 (2022: £13,955,203), which can only be realised through disposal of tangible fixed assets
- A pension deficit of £432,000 (2022: £1,081,000)
- Other restricted funds of £426,089 (2022: £878,421)
- Total funds of £17,206,083 (2022: £14,319,612)

### The Trust's planned allocation of reserves at year end (31/8/23)

- The Trust is currently holding £600k to support cashflow due to the new school and the remaining capital outlay for the Kingfisher extension.
- The Trust is also holding £100k to support CIF bid applications.
- The remaining £500k is allocated to cover income projected from Oxfordshire County Council but not yet secured, due to the ongoing review of funding.