



Reserves Policy

Reviewed Spring 2026

Next Review Due Spring 2028



Change Log

Review	Revision
Spring 2026	Reserves Balance thresholds added in line with DFE Good Practice Guidance
Spring 2026	Acceptable reasons to hold reserves updated in line with DFE Good Practice Guidance
Spring 2026	Committed and Uncommitted Reserve sections merged to 'Reserves Levels' in line with treatment of fund balances

Introduction

This policy determines the framework within which decisions will be made regarding the level of reserves held by the School and the purposes for which they will be used and maintained.

One of the financial constraints placed upon academies is the inability to borrow funds. This presents a key risk to the school which can be mitigated through the effective management of reserves. This Reserves Policy will inform the way in which the academy manages its cash, liquid assets and debt.

The school will maintain sufficient reserves to protect it from future funding shortfalls or unexpected expenses not covered by insurance. It will, however, aim to maintain a balanced and sustainable budget without hoarding cash.

Definitions

Reserves are the sums of money held by the School to meet future expenditure and are categorised as follows:

(a) Uncommitted reserves which will be held to meet short-term minor budget variances, unforeseeable expenditure and/or to manage significant changes in resources or expenditure over the period of the School's Three Year Plan; and

(b) Committed reserves which will be held for specific purposes. Details of all reserves and year-end balances will be identified in the School's annual Statement of Accounts.

Reserves Levels

The School considers acceptable reasons for holding an adequate level of uncommitted and committed reserves to include:

- Cashflow management
- Provide a working balance to account for minor adjustments to expenditure in the short term and to mitigate against the impact of varying income streams
- Provide a contingency fund to cushion the impact of unexpected events, emergencies and large shortfalls in budgets
- Building maintenance in line with the School's Estate Management Plan
- Financial Strategy

The appropriate level of reserves will be assessed in line with the DFE's 'Good Practice Guide' which suggests a lower level reserves balance of 5% of income and a higher level of 20%.

The adequacy of the reserves balance will be determined by assessing the financial risks associated with meeting continuing obligations to provide services. Factors which will be taken into account in determining the overall level of reserves and balances are:

- Assumptions regarding inflation and other potential cost increases;
- The School's capacity to manage in-year budget pressures;
- The School's track record in budget management;
- The School's virements and year-end arrangements in relation to under- and over- spends;
- Estimates of the level and timing of capital receipts;
- The adequacy of insurance arrangements;
- An assessment of external risks and the likely level of Government support following major unforeseen events.