

# FINANCIAL RESERVES POLICY



<b>Summary</b>	Financial Reserves Policy		
<b>Responsible Person/Author:</b>	Head of Governance and Compliance		
<b>Applies to:</b> (please circle/delete as appropriate)	<b>Staff</b> <input checked="" type="checkbox"/>	<b>Student</b> <input type="checkbox"/>	<b>Community</b> <input type="checkbox"/>
<b>Ratifying Committee(s)</b>	Finance & Resources Committee		
<b>Available On:</b>	<b>Compliance Library</b> <input checked="" type="checkbox"/>	<b>Website</b> <input checked="" type="checkbox"/>	
<b>Date of Approval</b>	5 July 2021		
<b>Effective from:</b>	5 July 2021		
<b>Date of Next Formal Review:</b>	May 2022		
<b>Review Period</b>	Annual		
<b>Status:</b>	Non-Statutory		
<b>Owner</b>	The Rodillian Multi Academy Trust		
<b>Version:</b>	1		

#### Document Control

Date	Version	Action	Amendments
21.06.21	1	Policy created	

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## Introduction

1. This document sets out the Rodillian Multi Academy Trust's ("the Trust") financial reserves policy to protect its activities against unforeseeable financial risks and to make sufficient provision for future cash flow requirements and capital expenditure. The development of an effective reserves policy will restrict the impact of any risk upon the continuing operations of the Trust.
2. The Reserves Policy and the establishment of ranges is based upon the Trust's annual budget setting process which takes into account the internal and external operating environment. The Reserves Policy takes due regard of the Trust's activities for its students.

## Scope and Purpose of this policy and who it applies to

3. The Trust is committed to improving its financial efficiency and effectiveness demonstrating strong financial controls and high performance against School Trusts of a similar size.
4. The purpose of this policy is to provide control over the Trust's resources and provide the Board of Trustees with assurances that resources are being applied to the achievement of the Trust's strategic plan and the following objectives of the Trust:
  - That the Trust remains financially viable on a going concern basis.
  - That the Trust achieves value for money.
  - That the Trust fulfils its responsibility for the provision of effective financial controls over the use of public funds.
  - That the Trust complies with all relevant legislation.
  - That the financial responsibilities of the Trust are managed efficiently, effectively and economically.
5. This policy applies to all its Academies and the Central Trust Team and supersedes any local policies and procedures that have been in use prior to an Academy becoming part of the Trust.

## Publication of this policy

6. This policy will be brought to the attention of all staff and members of Trust Governance and will be available to them to read as needed. Following any amendment or replacement of this policy, an updated version will be made available to all staff and they will be advised by email where they may access the amended or replaced policy.
7. Guidance on any aspect of this policy can be obtained from the Head of Governance and Compliance, [amarham@rodillianacademy.co.uk](mailto:amarham@rodillianacademy.co.uk).

## Responsibility for this policy

8. The Trust Board has overall responsibility for the effective operation of this policy and for ensuring compliance with the relevant statutory or Trust framework. The Trust has delegated day to day responsibility for operating this policy to the Trust Executive.

## Aim of this Policy

9. To allow the Trust to ensure any peaks or troughs in cash flow are met from reserves held.

### General Reserve (Uncommitted Revenue)

10. The General Reserve is the cumulative value of all uncommitted/unspent revenue across the Trust at the end of each financial year, as reported in the Trust's annual accounts. Should the Trust find itself in financial difficulties, it would be an expectation of the Education and Skills Funding Agency ("ESFA") that before any financial assistance is provided that the Trust has utilised all funding available.
11. In these circumstances, the Trust Board will consider the use of the Trust's General Reserve and at the same time expect the Chief Executive and Finance Director to create a Trust cash reserves recovery plan for Trust Board approval and monitoring.
12. The intention of the Trust is to have a General Reserve of £2 Million by August 2022 and maintain the same thereafter. The Trust believes this is sufficient to maintain the financial stability of the Trust, allow the Trust to have sufficient working capital and allow for capital investment in Trust Premises and Information Communication Technology ("ICT").
13. The Trust's management accounts supplied to the Trust Board on a monthly basis will provide details of the General Reserve.
14. Given the impact that growth may have on the Trust, it maybe that there is a mid-year variation which means that the General Reserve after August 2022 drops below £2 Million. If this happens, the Chief Executive and Finance Director must create a Trust cash reserves recovery plan for Trust Board approval and monitoring.
15. Once funding has been committed to the General Reserve, it can only be repurposed with the prior agreement of the Trust Board.

### Capital Reserves

16. The Trust has designated a Capital Reserve to spend money on its Premises and ICT in furtherance of Trust and Academy objectives. The spending of such sums is in accordance with the Trust's financial scheme of delegation.

### Pension Reserves

17. The risks surrounding the Trust's pension liability have been taken into consideration when calculating the target ranges. The presence of a pension surplus or deficit does not constitute an immediate liability or realisable asset and does not mean that the equivalent amount is already committed or no longer available to the Trust.
18. The presence of a pension surplus or deficit will generally result in a cash flow effect for the Trust in the form of an increase or decrease in employers' pension contributions over a period of years. The Trust will continue to inform budget planning with a requirement to meet the required pension contributions from projected future income without significantly impacting upon its planned level of activities.
19. The Trust continues to calculate its reserves without setting aside a Designated reserve to cover the pension liability.

## Management of Reserves

20. Trust cash reserves held in excess of agreed sums will be reviewed by the Finance & Resources Committee on a regular basis and an appropriate range of options will be considered which might include:
  - releasing the funds into the revenue budget in furtherance of the Trust's objectives;
  - assigning funds to appropriate designated reserves as may be determined by the Trust;
  - or investing the funds to generate further income to allow expansion of the Trust's work.
21. The movement of funds to and from the Trust cash reserve identified (other than movements from Capital) above will be at the discretion of the Trust Board regardless of the value and whether this sits within the Financial Scheme of Delegation or not - or the appropriate committee where delegated authority has been provided by the Board, subject to the restrictions which will remain attached to Funds (Revenue and Capital) and their use.

## Monitoring

22. The Finance Director will monitor the implementation and effectiveness of the policy by monitoring reports made under the policy.
23. The Head of Governance and Compliance will monitor the relevant legislation, guidelines, and information forthcoming from the relevant statutory bodies for any recommendation or changes. Where a gap, potential inequality or shortfall in performance is identified within the policy, the Head of Governance and Compliance will advise the Board of Trustees of any changes that are needed and a proposal will be submitted to the Trust Board within an appropriate timescale. There will be a full review of the policy by the Head of Governance and Compliance prior to the stated review date where recommendations will be made for consideration by the Trust Board.
24. This will take place on an annual basis as part of the Trust's budget setting process and in line with [Charity Commission guidance](#) that a reserves policy should be developed as part of the Trust strategic planning process

## Diversity

25. The Rodillian Multi Academy Trust is committed to a policy of celebrating diversity, promoting equality of opportunity, providing an inclusive workplace, and eliminating any unfair treatment or unlawful discrimination. This overriding objective applies to all policies and procedures relating to staff and students. The Trust will always comply with the requirements of the Equality Act 2010 and associated guidance produced by the Department for Education.

## Appendix 1 - Equality Impact Assessment

### Equality Impact Assessment

Equality, Diversity, Cohesion, and Integration Screening.

As a public authority, the Rodillian Multi Academy Trust needs to ensure that all our strategies, policies, service, and functions, both current and proposed have had proper consideration of equality, diversity, cohesion, and integration.

A **screening** process can help judge relevance and provides a record of both the **process** and **decision**. Screening should be a short, sharp exercise that determines relevance for all new and revised strategies, policies, services, and functions. Completed at the earliest opportunity it will help to determine:

- the relevance of proposals and decisions to equality, diversity, cohesion, and integration.
- whether or not equality, diversity, cohesion, and integration is being/has already been considered, and
- whether or not it is necessary to carry out an impact assessment.

<b>Organisation:</b> The Rodillian Multi- Academy Trust	<b>Department responsible for the Policy:</b> Head of Governance and Compliance
<b>Lead Person:</b> Adam Marham	<b>Contact Number:</b>

**1. Title:** Financial Reserves Policy

<b>2. Please provide a brief description of what you are screening</b>
The Policy

<b>3. Relevance to equality, diversity, cohesion, and integration</b>		
<b>Questions</b>	<b>Yes</b>	<b>No</b>
Is there an existing or likely differential impact for the different equality characteristics?		x
Have there been or likely to be any public concerns about the Policy or proposal?		x
Could the proposal affect how services are organised, provided, located and by whom?	x	
Could the proposal affect our workforce or employment practices?	x	
Does the proposal involve or will it have an impact on: -		
• Eliminating unlawful discrimination, victimisation, and harassment		X
• Advancing equality of opportunity		X
• Fostering good relations		x

<p><b>4. Considering the impact on equality, diversity, cohesion, and integration</b></p> <ul style="list-style-type: none"> <li>• <b>Scope of the proposal:</b> Staff</li> <li>• <b>Who is likely to be affected?</b> Staff</li> <li>• <b>Consultation and engagement activities with those likely to be affected?</b> Ongoing feedback from staff. The Policy is available through the Trust and Academies websites and a written copy can be provided on request.</li> </ul> <p>• <b>Key findings</b>  We have considered the potential positive and negative impact on different equality characteristics in relation to the Policy and do not believe that any groups will be adversely affected. The Trust is vigilant in adhering to the appropriate legislation in relation to protected characteristics and to preventing discrimination. Managers are supported and trained in relation to these areas. The Policy has considered religious, racial and gender-specific clothing requirements and those of staff with disabilities in line with the Equality Act.</p> <p>We have considered the perception that the proposal could benefit one group at the expense of another and we do not believe that the Policy could be perceived to be discriminatory with regards to its wording or format.</p> <ul style="list-style-type: none"> <li>• <b>Actions</b>  The Trust will continue to promote positive impact and remove/reduce negative impact through the application of this Policy within the organisation.</li> </ul>
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<p><b>5. Governance, ownership, and approval</b>  Please state here who has approved the actions and outcomes of the screening</p>		
Name	Job title	Date
Adam Marham	Head of Governance and Compliance	21.06.2021

<p><b>6. Publishing</b>  This screening document will act as evidence that due regard to equality and diversity has been given.</p>	
<b>Date screening completed</b>	21.06.2021
<b>Date agreed at Trust Board</b>	05.07.2021