



## Reserves Policy

### Version 9.0

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| <p><b>Important:</b> This document can only be considered valid when viewed on the Trust website. If this document has been printed or saved to another location, you must check that the version number on your copy matches that of the document online.</p> <p><b>Name and Title of Author:</b></p> | <p>CEO/CFO</p>   |
| <p><b>Name of Responsible Committee/Individual:</b></p>  | <p>Trust Board</p>   |
| <p><b>Implementation Date:</b></p>   | <p>September 2019</p>  |
| <p><b>Date Policy Agreed:</b></p>  | <p>December 2019 – Version 1.0<br/>           May 2020 – Version 2.0<br/>           December 2020 – Version 3.0<br/>           September 2021 – Version 4<br/>           February 2022 – Version 5<br/>           May 2022 – Version 6<br/>           September 2022 – Version 7<br/>           October 2023 – Version 8<br/>           March 2024 – Version 9</p> |
| <p><b>Target Audience:</b></p>   | <p>All stakeholders</p>  |
| <p><b>Related Documents:</b></p>   | <p>Financial Management Policy<br/>           Scheme of Delegation</p>   |
| <p><b>Review Date:</b></p>   | <p>October 2024</p>  |

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## POLICY STATEMENT

Brighter Futures Learning Partnership Trust will carry forward a prudent level of reserves designed to meet long-term educational and estate needs and any other unforeseen contingencies. Such reserves will be subject to the constraint that the level of reserves does not exceed the levels permitted by the DfE and ESFA.

### 1. PURPOSE AND SCOPE

Maintaining an appropriate level of financial reserves is considered essential in protecting the Trust 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 each individual establishment's primary objective is preserved. At the same time, the Trust needs to ensure that schools/UTC use their funding to benefit the pupils/ students in their care which implies a need to actively consider the use of reserves to enhance educational provision.

This policy sets out the circumstances under which Central Trust may use **pooled reserves** for the benefit of the pupils/students within the Trust. It also provides guidelines about the expected levels of reserves at Trust level.

### 2. ROLES AND RESPONSIBILITIES

The **Trust Board** is responsible for approving this policy and ensuring it is applied consistently across the Trust.

The **CEO and CFO** are responsible for ensuring that individual UTCs/schools adhere to this policy and monitor the use of pooled reserves. They are also responsible for prioritising the use of reserves to ensure that the deployment is fair and equitable taking into account the priority needs of each school.

The **Local Governing Bodies and Headteachers** are responsible for the effective deployment of resources to enable the school/UTC to deliver effective education within their setting which falls within their allocated annual funding.

The **Central Team** are responsible for monitoring the level of reserves and reporting to the Trust Board.

### 3. AIM

The aim of this Reserves Policy is to:

- explain the Trusts' reserve pooling strategy
- outline balanced budget expectations
- identify the level of reserves to be held at Trust level
- explain how pooled reserves will be monitored by the Trust
- detail the process required to request use of pooled reserves

### 3. REVENUE RESERVES POOLING

With effect from 1 April 2024, The Board of Trustees have adopted a reserves 'pooling' approach to revenue reserves to address inequality of funding and drive school improvement through the strategic deployment of reserves across the Trust. This policy enables the Trust, as directed by the CEO, to redistribute resources where they are most needed to meet long-term strategic aims and ensure equality and equity for all.

### 4. SETTING A BALANCED BUDGET

All schools should aim to set a balanced budget, approved by the Board of Trustees, following completion of the annual budget planning process. The Board of Trustees expect that each school should contribute to pooled reserves annually.

Individual school level contributions to pooled reserves will be assessed annually during the budget planning process. Schools/UTC will still aim for a carry forward of 3-5% of grant funding depending on spending priorities. The financial challenges facing each school will be considered when The Board of Trustees approve annual budgets.

**Individual school level contributions to pooled reserves below 1% of grant funding will require approval by Trustees.**

### 5. PRUDENT RESERVES

The Board of Trustees will look to ensure that collectively a prudent level of reserves is maintained, in accordance with DfE and ESFA guidelines, bearing in mind recurrent spending needs to ensure high quality provision. In deciding the prudent level of reserves, The Board of Trustees will take into account the following:

- one month's salary bill (this is considered to be the minimum level)
- the Trust's annual budget
- the need for any large project spending such as facilities development or building condition needs as outlined in the Strategic Estates Plan
- the need for replacement ICT equipment as outlined in the Strategic ICT Replacement Plan
- any uncertainty, turbulence or expected reduction in funding arrangements, including the level of transitional protection within the Trust's funding and its expiry date
- anticipated funding over the next three years
- the need for the Trust to maintain delivery of effective curriculums

### 6. MONITORING POOLED REVENUE RESERVES

The Board of Trustees will monitor pooled reserves during Board meetings by reviewing the Strategic Reserves schedule prepared by the CFO.

This schedule will summarise individual school reserves transferred into pooled reserves as at 1 April 2024, along with annual contributions to pooled reserves through the budgeted in-year surplus and the impact of agreed expenditure from reserves.

The Strategic Reserves Schedule will be used to determine the appropriate level of individual school reserves should any school leave the Trust.

## **7. PROCEDURE FOR USE OF POOLED REVENUE RESERVES**

The CEO and CFO, in conjunction with The Board of Trustees, are accountable for the management of expenditure against pooled reserves. School leaders can submit a request to the CEO for expenditure to come from pooled reserves (see Appendix A). Requests will be approved once affordability, need and equity of expenditure across the Trust have been considered.

All requests for the use of pooled reserves expenditure can be approved by the CEO in line with delegated authority limits outlined in the Scheme of Delegation. Schools should not commit to any expenditure until formal approval has been granted by the CEO.

Any request above the CEO's delegated authority limit must be approved by the Board of Trustees.

## **8. CAPITAL RESERVES**

Individual school level capital funding, such as DFC, should be spent in the year of receipt. Any unspent capital funding must be separately identified during the annual budget setting process if school leaders wish to carry this forward.

## **9. APPEALS PROCESS**

If a school feels that they have been treated unfairly through the procedure for use of pooled revenue reserves, they should submit an appeal through the Trust's Internal Appeals Process (see Appendix B).

The appeal should be submitted to the CEO within 5 working days of request non-approval.

If the dispute cannot be fully resolved between the school leader and the CEO, the appeal will be escalated first to the Chair of the Finance, Audit and Risk Committee (FAR). The FAR Committee must meet to consider the appeal and notify the school leader within 5 working days of the decision.

If the school leader remains dissatisfied with the first outcome, the appeal will be escalated to Chair of The Board of Trustees for consideration. The school leader will be notified of the Boards decision within 5 working days of the meeting.

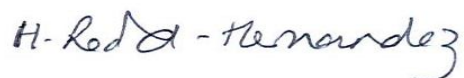
All decisions by The Board of Trustees are final.

## **10. MONITORING COMPLIANCE WITH AND EFFECTIVENESS OF THE POLICY**

Effectiveness and compliance of this Policy will be monitored on an annual basis.

Reserves Policy Agreed: March 2024

Signed CEO of BFLPT – Helen-Redford-Hernandez:



Date: March 2024

Signed – Chair of BFLPT – Pippa Dodghson:



Date: March 2024

Reserves Policy to be reviewed: October 2024

Created: September 2019 (Version 1)

Revised: May 2020 (Version 2)  
December 2020 (Version 3)  
September 2021 (Version 4)  
February 2022 (Version 5)  
May 2022 (Version 6)  
September 2022 (Version 7)  
October 2023 (Version 8)  
March 2024 (Version 9)

## REQUEST FOR POOLED REVENUE RESERVES EXPENDITURE

|              |  |
|--------------|--|
| School Name: |  |
| Prepared by: |  |

### Current budget position

Please explain here why the current budget cannot support your proposal.

### Brief description of proposal

Please provide an overview of your proposal and include current system/existing structure and any options appraisal you may have considered. Include a revised staffing structure as an appendix where relevant, including roles and grades.

### Impact on education

Please include here whether the proposal will have a direct impact on quality of education. This could be the purchase of equipment or temporary employment of staff to support learning, or alternatively the reserves request could be to address a need which if ignored, could have a negative impact on quality of education. Please give details of how the impact will be monitored.

### How much will it cost?

Summarise the cost implications. Quotes must still be obtained in line with the Scheme of Delegation.

### Recommendation

Include here which model/quotation/version is recommended/preferred and any reasons to support.

School leader signature \_\_\_\_\_ Date \_\_\_\_\_

### CEO APPROVAL

CEO signature \_\_\_\_\_ Date \_\_\_\_\_

### CEO NON-APPROVAL

The reason for non-approval will be outlined here.

# REQUEST FOR POOLED REVENUE RESERVES EXPENDITURE NON-APPROVAL APPEAL FORM

|              |  |
|--------------|--|
| School Name: |  |
| Prepared by: |  |

### Rationale for the appeal

Please explain here why you consider the school has been treated unfairly.

Please attach the original request for pooled revenue reserves expenditure (Appendix A).

School leader signature \_\_\_\_\_ Date \_\_\_\_\_

This form must be submitted to the CEO within 5 working days of request non-approval.