



Reserves Policy

Version 8.0

<p>Important: 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>Name and Title of Author:</p>	<p>CEO/CFO</p>
<p>Name of Responsible Committee/Individual:</p>	<p>Trust Board</p>
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<p>Target Audience:</p>	<p>All stakeholders</p>
<p>Related Documents:</p>	<p>Financial Management Policy</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, establishments need to ensure that they use their funding to benefit the 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 individual UTC/school and the Central Trust may use reserves for the benefit of the pupils and establishments within the Trust. It also provides guidelines about the expected levels of reserves at UTC/school and 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 UTC's/schools adhere to this policy and agree an action plan where necessary.

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 **Business Managers/Trust Accountants** are responsible for monitoring the level of reserves held by their establishment and advising Headteachers and Local Governing Bodies.

3. AIM

The aim of this Reserves Policy is to:

- identify the level of reserves to be held by individual settings
- detail the process required to request use of reserves
- give examples of use of reserves which the Trust do not deem acceptable
- give examples of when it would be prudent to make use of reserves

4. RESERVE LEVELS

The Board of Trustees require a revenue reserve to be created to fund future expenditure related to the Trust's strategic long-term aims and developments. Schools are expected to create reserves from their General Annual Grant (GAG) funding or other income at a rate of between 3-5% every year.

Trustees will monitor levels of reserves in financial reports provided by the CFO and in the annual financial statement prepared by the Auditor. Trustees will look to ensure that a prudent level of reserves is maintained, bearing in mind the recurrent spending needs to ensure high quality provision. In deciding the level of reserves Trustees will take into account the following:

- one month salary bill
- the establishment's annual budget
- the need for any large project spend such as facilities development or building condition needs
- any uncertainty, turbulence or expected reduction in funding arrangements, including the level of transitional protection within the establishment funding and its expiry date
- anticipated funding over the next three years
- the need for the establishment to maintain delivery of the curriculum

Trustees recognise that maintained schools or single academy trusts who join BFLPT may not initially have the level of reserves we would recommend. In these circumstances the school will be expected to build up a sufficient level of reserves within 2 years of joining the Trust.

Trustees also recognise that for the 2023-24 financial year, the energy crisis, increased food costs, and the pending teacher pay award will all have a significant impact on school budgets. During the 2023-24 budget setting process, setting a balanced budget has been a challenge. Trustees have therefore agreed that in-year deficit budgets be set where necessary. Trustees recognise that going forward this is not sustainable, but due to the unprecedented circumstances facing the education sector, and to protect curriculum delivery and the quality of education, in year deficit budgets will be agreed in the 2023-24 financial year and this will be supported by the healthy reserve balance held by the Trust.

5. PROCEDURE FOR USE OF RESERVES

Where an establishment has sufficient reserves, they should in the first instance discuss any proposed spend with the CEO, CFO and Chair of the local governing body at one of the planned monthly meetings. To document this process the form at Appendix A should be completed.

There may be circumstances when the establishment does not have sufficient reserves to cover expenditure which may be required for emergency works. This might be to address urgent building condition issues that jeopardise either, the health and safety of pupils and/or threatens the closure of the whole, or a significant part of the school. In such cases it is possible that the School Condition Allocation (SCA) fund be deployed. SCA is a centrally held fund which will be deployed fairly and equitably across the Trust estate, but which must be used to address urgent projects.

6. UNACCEPTABLE USE OF RESERVES

With the exception of the 2023-24 financial year, schools/UTCs should not use reserves to supplement their annual budget for staffing purposes. This is not deemed sustainable over a period of time and in the current financial climate it is imperative that establishments staff accordingly and within their annual budget. There may be some circumstances where use of reserves for staffing is deemed to be necessary and as such a request should be submitted to the CEO and CFO.

7. ACCEPTABLE USE OF RESERVES

Permitted examples of use of reserves are shown below however this list is not exhaustive:

- Capital projects for which reserves have been specifically accumulated
- Staffing where pupil numbers temporarily dip and the school/UTC has planned reserves accordingly
- SEND related provision
- Safeguarding related issues
- Security of estate related projects
- School improvement related spend – in particular where a school has an Ofsted judgement (or possibility of) to improve.
- Staffing where the establishment is a 'capacity giver' and is leading school improvement throughout the Trust. This use of reserves should be offset in by the additional income received from the central Trust and will only be for a defined period.

8. DESIGNATED SPEND

The Trust Estates Plans identifies areas where revenue reserves will be required to fund large scale capital projects over the next 3-5years. The Board will designate reserves accordingly across the Trust based on need and on recommendations from the CEO.

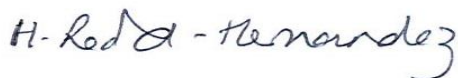
9. MONITORING COMPLIANCE WITH AND EFFECTIVENESS OF THE POLICY

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

10. REVIEW

Reserves Policy Agreed: October 2023

Signed CEO of BFLPT – Helen-Redford-Hernandez:



Date: October 2023

Signed – Chair of BFLPT – Peter Duffield:



Date: October 2023

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)
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Business Case Submission



Submission of a business case MUST follow this 5-step process to enable Trustees sufficient time to consider proposals:

1. Identify why the current budget cannot support the proposal – use the headings below to help shape your submission.
2. You should have a clear rationale which has been discussed in the first instance with the CEO.
3. You should check the governance calendar for the cycle of meetings.
4. Once approved by the CEO you should send a copy to the CFO, Exec PA and CFO 2 weeks prior to the meeting.
5. Once received the proposal will be added to the agenda and portal by the CFO or Exec PA.

School Name:	
Brief Description:	
Prepared by:	
Date for Submission to Trustees	Please establish date of the next meeting and insert here

Current budget position

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

Proposal Description

Please provide an overview of your proposal and include any options appraisal you may have considered. Include a revised staffing structure as an appendix where relevant, including roles and grades. Show any costs of proposals along with any best value results remembering to include the costs of any backfill that may be needed as a result of the change. Also include the cost of any training.

Rationale

Please include here the reason for the business case, what has changed to prompt this, what benefits/cost savings can be achieved, what business efficiencies are to be gained. This will be different depending on the type of business case and the scope ie staffing/buildings/equipment. A brief overview of what is to be achieved and why it is necessary.

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 employing of staff to support learning, or alternatively the business case could be to address a need which if ignored, could have a negative impact on quality of education.

Current system/existing structure

Include what currently happens in your school – depending on the type of request this section will vary – it may be linked to staff changes or restructuring, it may be linked to purchase of equipment, or it may be a new initiative. Include a current staffing structure/diagram as an appendix showing roles and grades where relevant. Where possible include costs of the current system/process/structure.

Budget Implications/Summary of Costs

Summarise here what budget implications are and how this will be addressed if necessary.

Recommendation

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

Headteacher/Principal signature _____ Date _____

CEO APPROVAL

CEO signature _____ Date _____

Date Approved by Trustees _____

Date Rejected by Trustees _____

Comments: