

# RESERVES POLICY

Learning Academies Trust

Effective Date 1<sup>st</sup> September 2023

Version: Version 5

Approved by: Finance Committee

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**LEARNING**  
ACADEMIES TRUST

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## CHANGES

Policy date	Effective Date	Summary of change	Author	Version	Review date
11/03/2021		Policy has been created.	Kay Mabin, CFO	1.0	10/03/2022
28/09/2021		Annual review & update	Kay Mabin, CFO	2.0	28/09/2022
22/02/2022		Policy has been reviewed/updated	Kay Mabin, CFO	3.0	31/03/2023
01/12/2022	01/09/2022	Policy has been reviewed/updated	Kay Mabin, CFO	4.0	31/12/2023
01/12/2023	01/09/2023	Policy has been reviewed/updated. Reserves increased to 5% of total Trust income.	Kay Mabin, CFO	5.0	31/12/2024

### 1. AIMS

There are a number of constraints placed upon academies in terms of financial management. One of these constraints is the inability to borrow funds. This constraint represents a key risk to the Learning Academies Trust in relation to financial planning and monitoring.

One of the ways in which the Learning Academies Trust mitigates this risk is through the effective management of reserves, which provide alternative temporary funding streams should there be a delay in grant receipts or a sudden unforeseen increase in expenditure.

Setting a reserves policy helps inform the way in which the Learning Academies Trust manages its cash, liquid assets and debt.

### 2. LEGISLATION AND GUIDANCE

Guidance provided by Bishop Fleming, Accountants and Trust Academy Trust Handbook 2023.

### 3. DEFINITIONS

Term	Definitions
N/a	

## 4. LEVEL OF TRUST RESERVES

The main financial risk to the Learning Academies Trust is that of managing its short-term cash flow effectively. To mitigate this risk, it has been agreed that an appropriate minimum reserves balance to be maintained would equate to **5% of total Trust revenue income**.

This would currently equate to approximately **£1,800,000 per annum** (based on budgeted Trust income of £36M for 2023/2024).

## 5. LEVEL OF SCHOOL RESERVES

To ensure the above level of Trust reserves are achieved and maintained, the Trust will pool all reserves at year end and hold this amount centrally (as a minimum).

Please refer to Section 3.90 – Reserves and Investments in our Financial Procedures Manual & Finance Policy (FPM/FP).

Schools can continue to bid from Trust reserves by following the process in Section 7.

Approval will be subject to the limits in our Financial Procedures Manual & Finance Policy (FPM/FP): Appendix A – Financial Scheme of Delegation – Table of powers and duties.

## 6. RESTRICTIONS

The ESFA are able to set limits on the sum of GAG that can be carried forward from one year to the next. There are currently no limits in place.

The DfE does expect Academy Trusts to use their allocated funding for the full benefit of their current pupils. Therefore, the Learning Academies Trust will not build up a substantial surplus without having in place a clear plan for how it will be used to benefit all pupils across the Trust.

## 7. APPLICATIONS FROM SCHOOLS TO BID FROM RESERVES

For all requests for support from Trust reserves, schools must email the CEO with all requests and provide the following information:

- Description of what is to be purchased or staffing details
- Amount
- Reason
- Benefits
- Value for Money considerations

The CEO will then review available funds and if supportive, will seek approval from the Chair of the Finance Committee for all requests up to and including £30,000.00. For all requests from £30,001.00, this will also need approval from the Finance Committee and full Trust Board approval.