



Reserves Policy (Ref 03MPTRP)



Mosaic Partnership Trust

Reserves Policy (Ref 03MPTRP)



Reserves Policy (Ref 03MPTRP)

History of most recent Policy changes

Version	Date	Page	Change	Origin of Change
V1.0	04/03/2024	Whole Document	Adoption by the Mosaic Partnership Trust and Implementation	New Academy Trust requirement of a Reserves Policy to comply with Trust conditions



Reserves Policy (Ref 03MPTRP)

Contents

1	Introduction	4
2	Principles	4
3	Monitoring and Review	5



Reserves Policy (Ref 03MPTRP)

1 Introduction

- 1.1 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 pupil numbers;
 - cash flow issues due to delays in receipt of funding; and
 - emergencies.

2 Principles

- 2.1 In general it is considered prudent to maintain a level of liquid reserves sufficient to cover reasonably foreseeable unexpected and unplanned events so that the trust's primary objective is preserved. At the same time, the trust wishes to ensure that it uses its funding to benefit the pupils in its care which implies an imperative to consider actively the use of reserves to enhance educational provision.
- 2.2 Schools should aim to set a revenue budget with a surplus equivalent to 1-3% (but not more than 10%) of total in-year income; at least 90% of total in-year income should be spent for the benefit of the pupils on roll.
- 2.3 Any year-end surplus identified in the audited accounts will be added to the reserves, unless otherwise allocated by the Board of Trustees.
- 2.4 The Trust will aim to have 5% of Income (calculated on GAG) as a minimum level of reserves. If the trust is forecasting this figure to be lower this will be reported to the Trust Board for a decision as to the appropriate action to be taken,
- 2.5 Trustees will monitor levels of reserves through financial reports, scrutiny carried out by the Finance, Audit & Resources Committee (FAR Committee) and through the annual financial statements presented by the auditors. 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's salary costs (cross-trust);
 - the trust's annual budget;
 - the need for any large project spend identified on the capital development plan;
 - any uncertainty, turbulence or expected reduction in funding arrangements; and
 - anticipated funding over the next three years.
- 2.6 Trustees will agree targets for reserves on an annual basis and this will be minuted.
- 2.7 Reserves are held centrally and decisions regarding their allocation will be made by the Board of Trustees.



Reserves Policy (Ref 03MPTRP)

3 Monitoring and Review

- 3.1 The Board, and/or an appropriate committee, will review this policy as a result of a change in legislation, a change in best practice, as a result of specific concerns or following a general review, which shall take place at least annually.