



# Stapeley Broad Lane CE Primary School Balances and Reserves Policy

This is the Stapeley Broad Lane CE Primary School (SBL) policy for capital and revenue reserves. The policy was written in November 2019. The Board of the Stapeley Broad Lane CE Primary School adopted the reviewed policy at their meeting of 10<sup>th</sup> February 2020. It will be reviewed every three years or more frequently if required by updated guidance.

Next review date: Spring 2023.

## Introduction

The Charities Statement of Recommended Practice 2005 (updated 2008) (known as the Charities SORP) states that where reserves are held, it is a requirement that charity Trustees must state their reserves policy in their annual report. As an exempt charity SBL must comply with these regulations. Further guidance on reserves policies and reporting requirements is contained in the Education and Skills Funding Agency's (ESFAs) and the annual Academies Financial Handbook and Academies Accounts Direction.

## Purpose

The Board of the Stapeley Broad Lane CE Primary School believes that funding received in anyone year should be spent supporting the children on roll at that time. However, the Board seeks to establish reserves from its annual General Annual Grant (GAG) funding or other funding streams to support its future ability to quickly adjust to changing or unexpected financial circumstances such as large, unplanned expenditure, cyclical maintenance or other capital requirements.

When deciding on the level of reserve to build, the Board must take into account:

1. Reserves must have a specific purpose related to future spending or covering current and future risks;
2. The size of the reserves should balance the benefit of current spending with the risks the reserves cover;
3. They should be transparent and maintain the link with the purposes for which the income was given;
4. They should aim to ensure that sufficient resources are available so that unexpected events can be accommodated without causing current year problems, generating a deficit or cash flow issues.

The ESFA no longer sets limits on reserves built from the General Annual Grant (GAG) but will report to the DfE any Trusts where it has serious concerns about a long-term substantial surplus with no clear plans for its use.

## Purposes for Reserves

The following purposes are considered appropriate for Stapeley Broad Lane CE Primary School:

- Current Reserves that are established to manage known risks which are not insurable or where insurance does not provide value for money;
- Specific Capital Reserves established in order to fund capital expenditure and other investments that would not be affordable if financed from a single year's funding. These include reserves specific to the Out of School Club which are contributed to from excesses of income over expenditure relating to out of school club activities and are to be used for the improvement / maintenance of out of school club premises.
- General Reserve to provide for unexpected and unpredictable needs.

## Management of Reserves

The Board shall consider contributions to reserves in its annual budget setting process and will consider the level of the allocation of funds to reserves in the autumn term following each financial year end. Reserves will sit on the main school current account and be reported on to governors at least annually.

All expenditure from reserves must be approved by the governing board regardless of the level of expenditure in advance of it being spent. The School Business Manager will review reserve levels annually and report to the Board at its autumn term meeting. The review will take into account the overall academy financial position, the nature of the income and expenditure streams, identify when levels have fallen significantly short of or above targets, recommend corrective action if necessary and ensure the policy remains relevant.

Policy approved by the full governing body of Stapeley CE Primary School at its meeting on 10<sup>th</sup> February 2020

Signed ..... (Chair) ..... Date

Signed ..... (Head) ..... Date