



Children's



Endeavour



Trust

# Reserves Policy

The Children's Endeavour Trust comprises:

- Abbot's Hall Community Primary School
- Bosmere Community Primary School
- Broke Hall Community Primary School
- Chilton Community Primary School
- Combs Ford Primary School
- Freeman Community Primary School
- Springfield Junior School
- Whitehouse Community Primary School

## Document Control

Version	Date	Author	Comments
Issue 1	1 <sup>st</sup> Mar '19	Finance and Audit Committee	Review Spring 2020.
Issue 2	May 2020	CEO	New schools added.
Issue 3	July 2022	CEO	Reviewed 11 <sup>th</sup> Oct 2022
Issue 4	May 2024	CFO	Update to reserves percentage calculation
Issue 5	March 2025	CEO	Update to 3.2 – a.
Issue 6	March 2026	CFO	Removed reference to ESFA and add DFE

**Owner:** CEO

**Approver:** Finance and Audit Committee

**Statutory Policy:** No

**Review Cycle:** Annual

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## 1. Purpose

1.1 The purpose of the Capital and Revenue Reserves Policy for The Children's Endeavour Trust is to ensure the stability of the Trust's organisational operations. Maintaining an appropriate level of financial reserves is considered essential in protecting the Trust from financial risk, subject to constraints that may be imposed by the DfE.

### Capital -

- Schools within the Trust should seek to create reserves from their General Annual Grant (GAG) funding to meet future capital expenditure, including minor building work and the provision/replacement of ICT equipment.
- During the early years, following school conversion, GAG funding levels create little opportunity to achieve a surplus. Currently the DfE provides minimal funding in the way of Devolved Formula Capital Grant to support capital investment in buildings and ICT equipment.
- For significant building related works schools are able to bid for a share of the Condition Improvement Fund (CIF) and can submit applications through the Trust. Each school within the Trust is expected to make a contribution towards these projects

### Revenue -

- Schools within the trust are expected to hold contingency reserves from their annual GAG funding, or other income, to fund future expenditure related to school development, strategic long-term aims and developments, in addition to provisions for unexpected events and working capital.

## 2. Definitions and Goals

2.1 The Trust considers it prudent for schools within the Trust to maintain a level of usable reserves sufficient to cover unexpected and unplanned events so that the Trust's primary objective is preserved. At the same time the Trustees wish to ensure that it uses its funding to benefit the students in its care which implies an imperative to consider actively the use of reserves to enhance educational provision.

2.2 In deciding the level of reserves trustees will take into account the following

- Uncertainty, turbulence or expected reduction in funding arrangements
- Impact of Government pay rises, Pension and HMRC changes on employer payroll costs
- Impact of current 'cost of living' related expenses for example: energy/food costs
- The need for any large project spends to include facilities development, ICT investment or building condition needs
- Fluctuations in pupil numbers, particularly falling roll numbers
- Cash flow issues
- The trust's consolidated annual budget

2.3 The Trustees expect schools to have appropriate levels of reserves, as determined in 3.0 below within three years of Trust membership. Schools will be expected to plan to meet these levels.

## 3. Reserves

3.1 Restricted Revenue Reserves are represented by the main funding for the school which is the General Annual Grant and other central funding streams that are received for a specific project or purpose i.e. Pupil Premium, UIFSM etc. These funds are restricted for the use according to the funding agreements or donors' instructions.

3.2 The trustees have determined that:

- a. The appropriate level of 'general' reserves for each school should be in line with the minimum guidance from the DFE which is 5% of total income. The Trust Board reserves the right to alter this in extenuating circumstances. This will be considered on a case-by-case basis and agreed by the Trust Board, as per point 5.3 on the Scheme of Delegation.
- b. The Trust, over time, will develop its own reserves to enable it to respond to unexpected events and to help meet its strategic aims.

3.3 Access to these funds will be by way of written request from the Local Governing Committee to the Trust Finance Committee.

## **4. Reporting and Monitoring**

4.1 The Finance Committee will monitor the reserves of schools within the Trust and progress being made to meet the minimum 5% of total income.

## **5. Appeals Process**

5.1 The Children's Endeavour Trust will have due regard to the funding needs and allocation of each individual school, ensuring there is a fair distribution of funds to support the Trust's educational objectives. If a school within the Trust wishes to challenge the level of funding received they should first appeal to the Chief Executive Officer.

5.2 If the school feels that its grievance is not resolved, it may then appeal to the Secretary of State for Education, whose decision will be final.

## **6. Review of Policy**

6.1 The policy will be reviewed annually or sooner if warranted by internal or external events or changes. The Board of Trustees must approve all changes.