



**Truro and Penwith**  
Academy Trust

# Reserves Policy

## Review Summary

Approved By:	Trust Board
Approval Date:	21 March 2024
Next Review Date:	As Required

## Purpose

The Academy Trust Handbook requires the board of trustees to set a policy for holding reserves and explain it in its annual report. This policy sets out the principles adopted by the Trust.

## Introduction

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and to ensure sufficiency of resource to meet monthly outgoings. Reserves are held for reinvestment in individual schools, for specific capital projects, curriculum investment, mitigating the impact of temporary reductions to funding and enabling Trust Development, Growth and Resilience.

Schools maintain their existing level of Reserve from their point of conversion and the Trust allows any in-year surplus to be accrued to their individual reserves.

## The Policy Statement

The Trustees have agreed that reserves should be maintained at or accrued to an individual schools reserve with a view to achieve a level of at least the value of 11.5% of the school's total annual budgeted income. The Trust as a whole should maintain a reserve with a view to achieve a level of at least the value of 5% of the Trusts total annual income. The deployment of non-school reserves will be assessed against Criteria 2 only.

In the absence of exceptional mitigating circumstances Trustees consider requests to use reserves for specific purposes in accordance with the below table and with the expectation that both Criteria 1 and Criteria 2 will be met. There may occasionally be individual circumstances where Trustees judge a temporary dip below the 5% threshold to be in the best interests of the Trust as a whole:

	<b>Purpose A:</b> Specific reserve funded capital projects	<b>Purpose B:</b> Curriculum investment	<b>Purpose C:</b> Mitigating the temporary impact of reductions to funding.	<b>Purpose D:</b> Trust Development, Growth and Resilience
<b>Criteria 1:</b> School is forecasting a year-end Reserves position that, after the proposed use of reserves, is at least:	<b>School Led Proposal:</b> 11.5% of the school's total annual budgeted total income. <b>Trust Led Proposal:</b> Apply Criteria 2	<b>School Led Proposal:</b> 11.5% of the school's total annual budgeted total income. <b>Trust Led Proposal:</b> Apply Criteria 2	To be assessed on a case by case basis with specific focus on the temporary nature of the reduction to funding.	N/A
<b>Criteria 2:</b> The Trust as a whole is forecasting a year-end Reserves position that, after the proposed use of reserves, including other reasonably anticipated reserves deployment requests in the financial year, is at least:	<b>For All Proposals:</b> 5% of the Trust's total annual budgeted income.			

Trustees review reserve levels through the management accounts and their usage when schools propose their annual budgets for approval. Schools are expected to operate annual budgets within annual resources without using reserves.

Pooling is currently in operation at Trust level where all Reserves are reported in total in order to balance the overall position.

### **Private Benefactor Donated Balances**

Where a school reserve includes a donation received from a private benefactor it will be managed as required by the terms of that donation.