



# **WOOLGROVE SCHOOL** **SPECIAL NEEDS ACADEMY** **FINANCIAL RESERVES POLICY**

## **PURPOSE**

The purpose of the reserves policy is to ensure the stability of the Academy's organisational operations, so that it has the ability to adjust quickly to changes in financial circumstances, such as large unbudgeted expenditure, cyclical maintenance and working capital.

## **DEFINITIONS AND GOALS**

### **Restricted Reserves**

Restricted reserves are those funds received by the academy either from its main EFA funding grant, other grant contributions or donations that are received for a specific project or purpose. These funds are restricted for use according to the funding agreements or donors' instructions.

The level of reserves will be determined by governors annually and can fluctuate depending on operational needs but the Governors have determined that the Academy should aim to have a minimum of two month's salary costs (currently £262,424) held in reserves . This is to provide sufficient reserves to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

All reserves are reported and reviewed regularly at Finance Committee meetings and expenditure impacting on reserves submitted for approval by the Governors. A review will encompass the nature of the income and expenditure requirements and the need to match income with commitments and the nature of reserves.

### **Unrestricted Reserves**

These are derived from the academy's activities for generating funds, for example hirings and donations which are expendable at the discretion of the Governors to achieve the objectives of the Academy.

These funds will be reviewed regularly by the Finance Committee and are obtained through one off donations and are generally built up over time from fund generating activities and investments.

### **Designated Funds**

These are unrestricted funds that have been allocated by the Governors for a particular purpose.

These funds are reviewed regularly and approved by the Finance Committee; (they are obtained by designated funds from the unrestricted funds).

## **USE OF RESERVES**

### **1. Identification of appropriate use of reserve funds**

The Governors and staff will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserve as described in this policy. This step requires analysis of the reason for any shortfall, the availability of any other sources of funds before using reserves and evaluation of the time period that the funds will be required and replenished.

### **2. Authorisation of use of reserves**

Authorisation to use reserves of any kind will be made by the Finance Committee and approved by the full Governing Body at the next available meeting. The approval should be noted in the minutes.

### **3. Reporting and monitoring**

The Governors are responsible for ensuring that the funds are maintained and used only as described in this policy. Upon approval for the use of these funds, the Academy will maintain a record and the Finance Committee will regularly monitor progress until correct reserves are re-established.

## **REVIEW OF POLICY**

This policy and the funding agreements/donor instructions will be reviewed by the Finance Committee annually in the autumn term, when the level of reserves is determined. Changes to the policy will be recommended by the Finance Committee for approval by the Board of Governors.