



# Champion EDUCATION TRUST

## RESERVES POLICY

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1.1	May 2022	Planned Review.

A family of Schools

## 1. Purpose

The purpose of the reserves policy for the Champion Education Trust is to ensure the stability of the academy's operations. Maintaining an appropriate level of financial reserves is considered essential in protecting the school from financial risk.

## 2. Definitions and Goals

In general, it is considered prudent to maintain a level of useable reserves sufficient to cover unexpected and unplanned events so that the academy's primary objective is preserved. At the same time the Trustees may 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.

In deciding the level of reserves, Trustees will take into account the following

- Uncertainty, turbulence or expected reduction in funding arrangements
- The need for any large project spend to include facilities development, ICT investment or building condition needs
- Fluctuations in student numbers
- Cash flow issues due to delays in funding
- The academy's annual budget
- One month's salary bill

## 3. Reserves

The Trustees have determined that the appropriate level of reserves to be held for non-earmarked expenditure by each academy should aspire to be a minimum 3% of total funds to provide sufficient working capital to cover delays in the spending and receipt of grants and to provide a cushion for unexpected emergencies.

## 4. Recovery of Surplus Balances

The Trustees reserve the right to recover reserves held above 5% for secondary academies and 8% for primary and special academies. An appeal against any decision to pool reserves can be made by following the Trust's internal appeals process. See section 6.

## 5. Reporting and Monitoring

The Finance Committee and the Local Governing Body are responsible for ensuring that the level and use of reserves is monitored. They will do this by the receipt of financial reports prepared by the Chief Finance Officer. The Chief Finance Officer will maintain a medium term financial forecast which will show how end of year reported reserves will be utilised.

## 6. Appeals Process

If a Local Governing Body feels that the academy has been unfairly treated in relation to the recovery of surplus

balances, they should first appeal in writing to the Chief Executive Officer clearly stating their reasons as to why they feel the recovery of excess reserves is not appropriate and with a supporting 3 year financial forecast demonstrating how the surplus reserves are to be utilised. The appeal will be considered by selected members of the Trust Board and a written response provided to the Local Governing Body within 30 calendar days. If this does not resolve the grievance, then the Local Governing Body may appeal to the Secretary of State for Education, whose decision will be final and who may disapply the provision for the pooling of resources.

## 7. Review of Policy

The policy will be reviewed every two years or sooner if warranted by internal or external events or changes. The Trust Board must approve all changes.