

RESERVES POLICY

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VERSION CONTROL

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1. POLICY STATEMENT

- a. The purpose of this policy is to ensure that City Learning Trust (The Trust) maintains an appropriate level of reserves to ensure financial stability and resource available.

2. PROCESS FOR COMPLAINECE AND IMPLEMENTATION

- a. Maintaining an appropriate level of financial reserves is considered essential in protecting the Trust from financial risk generated by, for example:
 - i. Income reduction due to Government funding changes
 - ii. Unexpected falls in student numbers
 - iii. Cash flow issues due to delays in receipt of funding
 - iv. Extreme fluctuations on planned expenditure due to market volatility
 - v. Other emergencies
- b. In deciding the level of reserves Trustees will take into account the following:
 - i. One month salary commitment
 - ii. The Trust's annual budget
 - iii. The need for any large project expenditure such as facilities development or building condition needs
 - iv. any uncertainty, turbulence or expected reduction in funding arrangements, including the level of transitional protection within the Trust funding and its expiry date
 - iv. Anticipated funding over the next three years.

2.1 Reserves

- a. All reserves held by the Trust will be pooled and held centrally
- b. The Board of Trustees will annually approve the planned in year surplus for the upcoming academic year and use of bought forward reserves
- c. Plans to use reserves for capital projects will be approved in advance
- d. Financial risks will be identified and monitored for impact on the expected Trust reserves.
- e. Only in exceptional circumstances will the Trust use reserves to support short term deficit. A clear action plan to bring the Trust out of a deficit position must be approved by the board prior to accessing the reserves.

2.2 Monitoring

- a. Trustees will monitor levels of reserves in financial reports provided by the Finance Director and in the annual financial statement prepared by the Auditor. Trustees will look to ensure that a prudent level of reserves is maintained, bearing in mind the recurrent spending needs to ensure high quality provision.

3. RESPONSIBILITIES

3.1 Board of Trustees

- a. Agree the annual planned in year surplus
- b. Policy Review: Review and approve the reserves policy on a regular basis, ensuring it remains relevant and effective.
- c. Delegate day-to-day management of the policy to the CEO
- d. Monitor the reserve levels
- e. Approve any material changes or requests to use the reserves
- f. Approve use of reserves to cover short term deficits

3.2 Chief Executive Officer (CEO)

- a. The Chief Executive Officer (CEO) is the Accounting Officer (AO) with responsibility to Parliament and the ESFA for the propriety and regularity of the public finances for which they are accountable.
- b. Initial review and authorisation of the budget including predicted surplus
- c. Regular monitoring of the reserve level
- d. Initial review of reserve spend requests
- e. Review of the cashflow forecast to monitor reserve cash levels

3.3 Chief Finance officer (CFO)

- a. Oversee the annual budget setting process including the predicted in year surplus
- b. Ensure regular reports and KPIs to the board are full and accurate
- c. Initial review of reserve spend requests

3.4 Finance Director

- a. Management of the day-to-day financial position of the trust at an operational level
- b. Compliance to the scheme of delegation
- c. Manage day to day banking for the trust including reconciliations and cashflow forecasting
- d. Maintain effective systems of financial control
- e. Report reserve levels to the board via KPIs and management accounts
- f. Report requests to spend reserves to CFO and CEO
- g. Prepare annual budget including predicted surplus
- h. Ensure internal controls to prevent and detect fraud are in place

4. LINKS TO OTHER POLICIES

- a. None

5. MONITORING AND REVIEW

- b. This policy has been approved by the Board of Trustees. It will be reviewed by the Policy and Procedures Working Group on an annual basis to ensure continuing compliance.