



## **RESERVES POLICY**

### **Hollybrook Junior School**

<b>Prepared By</b>	Jane Wood
<b>Approved By</b>	Local Governing Body
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<b>Policy Review Period</b>	Annual



## RESERVES POLICY

### Scope:

The Local Governing Body of Hollybrook Junior School are aware of the need to secure its financial viability beyond the immediate future and must be able to absorb setbacks and to take advantage of change & opportunity.

The school is predominantly funded by the Education Funding Agency (EFA) through the General Annual Grant and other grants. Whilst these grants are guaranteed to be received the level of this funding is not known with any certainty in the medium to long term. Against this background it is considered good practice for the school to seek to build some financial reserves which will allow future commitments or unforeseen events to be covered with minimal impact on the ability to deliver the educational standards to our students.

The school will find its decision to hold reserves is subject to scrutiny or comment in the public arena. This document is intended to provide stakeholders with a clear explanation of the nature and purpose of any reserves held.

Reserves are defined as any surplus held by the school that is freely available for its general purpose. Any reserves that are restricted in nature are excluded for the purpose of this document.

The Governors have the responsibility to manage the assets of the school. The Governors must consider both the needs of today's pupils as well as the future of the school. Holding back excessive reserves may damage the education of the current pupils. Conversely, holding no reserves could damage the education of future pupils.

This policy has been prepared in consultation with the strategic & operational plans of the school and those of the Hamwic Trust which includes the following:

- Forecast levels of income in future years, taking into account the reliability of each source of income and the prospects for other sources of income
- Forecast levels of expenditure in future years based on known & planned activities
- Analysis of any future development needs & opportunities that are not to be met out of annual income, including capital expenditure

The policy of the Hamwic Trust is that reserves held by individual schools are restricted to the following uses:

- **Rolling Capital Programmes (Premises).** This ensures that premises are maintained to the highest level.
- **Rolling Capital Programme (IT).** IT provision for students is a key area of learning. Schools hold reserves to ensure that IT equipment can be replaced when at the end of its useful life.
- **Expansion.** Where a school is (or is planning on) expanding, reserves are held to ensure that premises can cope with the increased number of students and to combat against the effect of lagged funding.
- **Contingency.** Schools are expected to hold reasonable levels of reserves to protect against any unforeseen expenditure or events that may occur. The level of these reserves is to be no more than 10% of the prior year's GAG income.



- **Other Reserves.** Reserves held for any other purposes must be clearly identified with sound justification.

**Policy:**

The Governors have determined that the levels of reserves to be held by the school are as follows:

	<b>Amount</b>	<b>Details/Justification</b>
Rolling Capital Programmes (Premises)	£5,000	
Rolling Capital Programme (IT)	nil	
Expansion	nil	
Contingency	£15,000	
Other Reserves		
<b>Total Reserves</b>	<b>£20,000</b>	

These levels are to be reviewed each year during the budget setting process.

The reserves are to be controlled by the Head Teacher (or equivalent) with any expenditure requested to be approved by the Governors.