



**Wingfield Academy**

# **Reserves Policy 2019-2020**

**(as of September 2019)**

Reviewed By  
Andrew Winch  
Business Manager

Reviewed  
October 2019

Review Date  
October 2020

Governor Ratification Date  
December 2019

## **PURPOSE**

The purpose of the reserve policy for Wingfield Academy is to ensure the stability of the Academy's organisational operations, to protect it so that it has the ability to adjust quickly to financial circumstances, such as large unbudgeted expenditure, cyclical maintenance and delay in receipt of grant funding.

## **DEFINITIONS AND GOALS**

### **Restricted Reserves**

Restricted reserves are represented by the main income for the Academy which is General Annual Grant (GAG), other grant contributions or donations that are received for a specific project or purpose. These funds are restricted for the use according to the funding agreements or donors instructions.

There is a percentage carry forward of GAG restricted funds which is calculated at the year end and can be used for future years mainly for capital and a small percentage for operational purpose.

The review will encompass the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. 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 £100,000 held in reserves. The reason for this is to provide sufficient monies to cover unforeseen events such as delays between spending and receipt of grants and to provide a cushion to deal with emergencies such as urgent small items of maintenance. Whilst the £100,000 in terms of the percentage turnover is low it represents a realistic figure bearing in mind all major capital expenditure for maintenance and building work is covered by the existing PFI arrangement, which has 20 years to run.

All reserves are reported and reviewed regularly at management meetings and expenditure from reserves approved by the Governors.

### **Unrestricted Funds**

These are made up of the academy's activities for generating funds, investment income and other donations which are expendable at the discretion of the Governors in furtherance to achieve the objectives of the Academy.

These funds will be reviewed regularly by the Governors and 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 Governors and 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 Governors and the Finance Committee, 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 of the use of the funds. The Finance Committee should regularly monitor the progress of the reserves.

## **REVIEW OF POLICY**

This policy will be reviewed by the Finance Committee every year or sooner if warranted by internal or external events or changes. Changes to the policy will be recommended by the Finance Committee to the Board of Governors.