



St.Cuthbert's
Roman Catholic Academy Trust

POLICY – ACADEMY RESERVES

Policy reviewed and adopted by the Board of Directors	15 June 2016
Version	1
Review frequency	Annually
Date of next review	June 2017
Responsible Officer	CFO

INTRODUCTION

1. There are a number of constraints placed upon academies in terms of financial management. One of these constraints is the inability to borrow funds. This constraint represents a key risk to St Cuthbert's RC Academy Trust in relation to financial planning and monitoring.
2. One of the ways in which the Academy mitigates this risk is through the effective management of reserves, which provide alternative temporary funding streams should there be a delay in grant receipts or a sudden unforeseen increase in expenditure.
3. Setting a reserves policy helps inform the way in which the Academy manages its cash, liquid assets and debt.

LEVEL OF RESERVES

4. The main financial risk to the Academy is that of managing its short-term cash flow effectively. To mitigate this risk it has been agreed that an appropriate minimum reserves balance would equate to 5 week's average expenditure, both in terms of salaries and invoices.

RESTRICTIONS

5. The EFA are able set limits on the sum of GAG that can be carried forward from one year to the next. There are currently no limits in place
6. The DfE does expect Academy Trusts to use their allocated funding for the full benefit of their current pupils. Therefore, the Academy will not build up a substantial surplus without having in place a clear plan for how it will be used to benefit our pupils.

REVIEW OF POLICY

12. The reserves policy will be reviewed by the Finance and General Purposes Sub Committee on an annual basis.