

Reserves Policy

Version 12

<p>Important: This document can only be considered valid when viewed on the Trust website. If this document has been printed or saved to another location, you must check that the version number on your copy matches that of the document online.</p> <p>Name and Title of Author:</p>	CEO/CFO
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1. PURPOSE OF THE POLICY AND POLICY STATEMENT

This policy sets out the Brighter Futures Learning Partnership Trust's (BFLPT'S) approach to holding and managing financial reserves. It ensures compliance with the DfE expectations while enabling the Trust to act prudently, protect educational quality, and plan for future strategic needs.

The Trust aims to maintain an appropriate level of reserves that:

- Protects the organisation against unforeseen financial risks;
- Supports stability across all schools, especially in the light of the fact that some schools are experiencing falling roll
- Enables strategic investment to meet the Trust's educational objectives and supports the opening of a second UTC by 2027;
- Ensures long-term sustainability.

While the Trust's baseline aim is to hold a minimum reserve equivalent to **one month's payroll**, the current level of reserves exceeds this baseline. This is intentional and reflects specific, time-limited strategic commitments and risk exposures described in this policy.

2. ROLES AND RESPONSIBILITIES

Effective stewardship of reserves requires clarity regarding the responsibilities of Trust governance, executive leaders, and Local Governing Bodies. The following outlines the roles of each tier in managing, monitoring, and deploying reserves held centrally by the Trust.

2.1 Trust Board (Trustees)

The Trustees have ultimate responsibility for the financial health, sustainability, and strategic direction of the Trust. In relation to reserves, the Board will:

- **Approve the Trust's Reserves Policy** and ensure it complies with DfE expectations.
- **Oversee the pooled reserves model**, ensuring reserves are used transparently and in the best interests of the whole Trust.
- **Determine the use of central reserves** for:
 - essential and strategic projects across schools;
 - emerging operational or financial risks;
 - safeguarding educational quality;
 - large-scale estates, compliance, and capital projects;
 - UTC development and expansion projects.
- Monitor reserve levels **annually** through the Audit & Risk and Finance Committees.

- Ensure that the deployment of reserves aligns with the Trust’s strategic plan, risk register, and long-term sustainability.

2.2 Members

Members ensure that Trustees fulfil their duties but do not have a direct operational role in reserves management.

2.3 CEO (Accounting Officer)

The CEO, as Accounting Officer, is responsible for the proper and efficient use of public funds. Regarding reserves, the CEO will:

- Provide strategic recommendations to Trustees on the **allocation and prioritisation of reserves**, based on risk, compliance, and educational priorities.
- Ensure that the use of reserves supports the Trust’s improvement strategy, sustainability, and statutory requirements.
- Oversee the assessment of emerging risks across the Trust, including falling roll, SEND pressures, and educational performance risks.
- Ensure that local and trust-wide decisions regarding resource deployment protect the **quality of education**.
- Report annually and termly to Trustees on reserves forecasts, utilisation, and commitments.

2.4 CFO

The CFO is responsible for the financial management and control framework that underpins the reserves policy. The CFO will:

- Provide financial modelling, risk analysis, and medium-term forecasts to support decisions on reserves.
- Monitor reserve levels and designated funds, reporting termly to the CEO and Trustees.
- Ensure that the budgeting process reflects both **local resource needs** and **trust-wide commitments**.
- Oversee financial compliance and ensure reserves usage aligns with the Academy Trust Handbook.
- Manage due diligence and costing for large-scale estates projects, UTC pre-opening expenditure, and other earmarked investments.

2.5 Local Governing Bodies (LGBs)

LGBs play a vital role in ensuring that each school deploys its allocated resources effectively to meet pupil needs. LGBs will:

- **Oversee the use of the school's delegated budget**, ensuring spending is educationally justified and aligned with Trust priorities.
- Monitor that leaders deploy resources efficiently to safeguard educational quality, meet SEND needs, and protect vulnerable pupils.
- Act as a local assurance body, escalating concerns around financial pressures or educational risks to the CEO/CFO through the Trust meetings.
- Contribute to discussions around local estates or improvement priorities, which may support the Trust's decisions on using pooled reserves.

2.6 Headteachers / Principals

Headteachers are responsible for operational resource deployment within their delegated budget. They will:

- Set and manage the school's budget in line with Trust policy and strategic aims.
- Ensure staffing, curriculum, and resource decisions deliver strong educational outcomes and meet safeguarding and SEND requirements. They will also ensure that all curriculum decisions are **underpinned by the Trust's curriculum led financial modelling**.
- Identify risks, emerging pressures, or estates issues that may require Trust-level support or the allocation of reserves.
- Provide timely financial and risk information to the LGB, CFO, and CEO.

2.7 Central Trust Executive

The central team provides support, scrutiny, and oversight to ensure the Trust maintains strong financial control. They will:

- Support schools in effective budget management.
- Undertake financial and estates planning to inform decisions on reserves.
- Coordinate trust-wide projects funded through pooled reserves.

3. REASONS FOR HOLDING ELEVATED RESERVES

3.1 Pre-Opening Costs for New University Technical College (UTC)

The Trust is in the pre-opening phase of a new UTC. To ensure a high-quality and compliant opening, the Trust will need to **appoint key leadership and specialist staff at least six months before opening**, incurring staffing, training, and setup costs prior to receiving full pupil-based funding. This is in addition to the small grant the school may receive from the DfE.

Enhanced reserves are therefore required to:

- Recruit senior and technical staff early;
- Build the curriculum, operational systems, and employer partnerships;

- Cover pre-opening staffing and operational expenditure.
- The Trust has agreed to share the remedial costs of ground work to ensure the new school can be sited on the proposed site.

3.2 Managing Emerging Pupil-Roll Risks in Primary Schools

Several primary academies within the Trust are experiencing **falling roll**, which increases financial volatility. The Trust is committed to:

- **Maintaining current staffing levels** wherever possible to protect class sizes;
- Ensuring **Key Stage 2 classes remain below 40 pupils**;
- Sustaining provision for pupils with **SEND**, who require stability and continuity of support.

Holding additional reserves provides a controlled financial buffer to ensure educational quality is not compromised during this enrolment downturn.

3.3 Increased Risk Profile Impacting Educational Quality

The Trust has identified elevated operational risks, including staffing pressures, curriculum delivery requirements, and educational performance risks linked to demographic and economic change in the region.

Enhanced reserves allow the Trust to:

- Act swiftly to protect teaching quality;
- Invest in intervention and improvement strategies where needed;
- Mitigate risks without destabilising school budgets.

3.4 Earmarked Estate, IT and Compliance Projects

The Trust has several **major estates and safety projects and a 3-year strategic IT plan which cannot be funded from existing budgets** and require designated reserves due to their scale and necessity. The Trustees have agreed to designate a proportion of the charity's free reserves to ensure the ongoing resilience and effectiveness of its estate's and IT plans.

These include:

- **Ceiling and roof replacement** projects to address structural degradation;
- **Fire safety remediation** at two academies;
- Conversion of a **vacated school bungalow into a Food Technology classroom**, enabling the Trust to expand curriculum provision and meet educational objectives.

- Large-scale replacement of IT equipment in primary schools, increased provision for cyber security, server upgrades and improved infrastructure.

These capital projects are essential to safeguarding, compliance, and curriculum delivery. Holding earmarked reserves ensures these projects can be completed without diverting funds from educational delivery.

4. SETTING A BALANCED BUDGET

All schools should aim to set a balanced budget, approved by the Board of Trustees, following completion of the annual budget planning process. The Board of Trustees expect that each school should contribute to pooled reserves annually.

Individual school level contributions to pooled reserves will be assessed annually during the budget planning process. Schools/UTC will still aim for a carry forward of **3-5% of grant funding** depending on spending priorities. The financial challenges facing each school will be considered when The Board of Trustees approve annual budgets.

5. RESERVES CATEGORIES

The Trust distinguishes between:

5.1 Free Reserves

Funds available for general contingencies and cash-flow management. Target range: **1–2 months of payroll**, plus contingency aligned with risk management requirements.

5.2 Designated (Earmarked) Reserves

Funds allocated to specific projects or strategic commitments, including:

- UTC pre-opening staffing;
- Falling-roll mitigation;
- SEND staffing protection;
- Estate and fire remediation projects;
- Large-scale replacement IT projects;
- Curriculum expansion projects (e.g., Food Technology classroom conversion).

5.3 Restricted Reserves

Reserves that must be used in line with donor and DfE conditions.

6. MONITORING AND REVIEW

- The CFO and Accounting Officer will review reserve levels **termly**.

- The Trust Board will receive an annual Reserves Report summarising:
 - current reserve levels;
 - designated reserve movements;
 - forecast expenditure on earmarked projects;
 - alignment with DfE expectations.
- Where reserves exceed 20%, the Trust will provide to the DfE—on request—clear evidence of earmarked projects and risk-based reasoning, as set out in Section 3.

7. PROCEDURE FOR USE OF POOLED REVENUE RESERVES

All requests for the use of pooled reserves expenditure can be approved by the CEO in line with delegated authority limits outlined in the Scheme of Delegation. Schools should not commit to any expenditure until formal approval has been granted by the CEO.

Any request above the CEO's delegated authority limit must be approved by the Board of Trustees.

School leaders can submit a request to the CEO for expenditure to come from pooled reserves (**see Appendix A**).

8. APPEALS PROCESS

If a school feels that they have been treated unfairly through the procedure for use of pooled revenue reserves, they should submit an appeal through the Trust's Internal Appeals Process (**see Appendix B**).

The appeal should be submitted to the CEO within 5 working days of request non-approval.

If the dispute cannot be fully resolved between the school leader and the CEO, the appeal will be escalated first to the Chair of the Finance, Audit and Risk Committee (FAR). The FAR Committee must meet to consider the appeal and notify the school leader within 5 working days of the decision.

If the school leader remains dissatisfied with the first outcome, the appeal will be escalated to Chair of The Board of Trustees for consideration. The school leader will be notified of the Boards decision within 5 working days of the meeting.

All decisions by The Board of Trustees are final.

9. CONCLUSION

The Trust's current reserves position is deliberate, justified, and aligned with the Trust's long-term strategic priorities and risk profile. Elevated reserves are temporary and will reduce over time as the UTC pre-opening period concludes and earmarked estates works are completed. The Trust remains committed to ensuring public funds are used responsibly, transparently, and in direct support of high-quality education for all pupils.

REQUEST FOR POOLED REVENUE RESERVES EXPENDITURE

School Name:	
Prepared by:	

Current budget position

Please explain here why the current budget cannot support your proposal.

Brief description of proposal

Please provide an overview of your proposal and include current system/existing structure and any options appraisal you may have considered. Include a revised staffing structure as an appendix where relevant, including roles and grades.

Impact on education

Please include here whether the proposal will have a direct impact on quality of education. This could be the purchase of equipment or temporary employment of staff to support learning, or alternatively the reserves request could be to address a need which if ignored, could have a negative impact on quality of education. Please give details of how the impact will be monitored.

How much will it cost?

Summarise the cost implications. Quotes must still be obtained in line with the Scheme of Delegation.

Recommendation

Include here which model/quotation/version is recommended/preferred and any reasons to support.

School leader signature _____ Date _____

CEO APPROVAL

CEO signature _____ Date _____

CEO NON-APPROVAL

The reason for non-approval will be outlined here.

REQUEST FOR POOLED REVENUE RESERVES EXPENDITURE

NON-APPROVAL APPEAL FORM

School Name:	
Prepared by:	

Rationale for the appeal

Please explain here why you consider the school has been treated unfairly.

Please attach the original request for pooled revenue reserves expenditure (Appendix A).

School leader signature _____ Date _____

This form must be submitted to the CEO within 5 working days of request non-approval.