LEADING SUCCESS

SECURING SUCCESS

DEVELOPING SUCCESS

STANDARDS FOR SUCCESS

SUPPORTING SUCCESS

ACHIEVING SUCCESS

RESERVES POOLING

Accord MULTI ACADEMY TRUST

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Approvals

Name	Position	Signature	Date
Andy Lancashire	Chair of Trustees	A Lancashire	7th July 2025
Alan Warboys	Chief Executive Officer	A Warboys	7th July 2025

Document History

Version	Date	Author	Note of Revisions
1.0	June 2024	Chief Finance Officer	N/A
2.0	June 2025	Chief Finance Officer	Amend reference to ESFA with DfE Definition of reserves, addition of Pension reserve narrative and other minor updates to narrative.

1. Introduction

The Trustees of Accord Multi Academy Trust recognise that the Reserves Policy must address the management of financial risk across the Trust, whilst being mindful that existing pupils are not disadvantaged through the retention of excessive reserves.

2. Roles and Responsibilities

2.1 The Board of Trustees

The Board of Trustees is responsible for *"overseeing and ensuring appropriate use of funding and effective financial performance and keeping their estate safe and well-maintained" (1.10 Academy Trust Handbook)*. Full details of Trustee responsibilities are set out in the Trust's Scheme of Delegation.

2.2 The Chief Executive Officer (CEO)

The CEO, as Accounting Officer, has overall accountability for the operation of the Trust's financial responsibilities. The CEO is responsible for ensuring that the Reserves policy is applied clearly, appropriately, and equitably.

2.3 The Chief Finance Officer (CFO)

The CFO is responsible for supporting the CEO in the implementation of the Reserves Policy, supporting the Academies in the annual budget setting process, monitoring, and reporting financial information to provide visibility to the CEO and the Board of Trustees, and holding budget holders to account.

2.4 Academy Leaders - Principal / Headteacher / Head of Academy

Supported by the CFO and the Trust Finance Team, Academy Leaders are responsible for the day-to-day financial management of the Academy/Academies including management of the Academy budget.

3. Monitoring and Evaluation of the Policy

Trustees will review the policy on an annual basis to assess the impact of any changes in legislation or direction from the Department for Education (DfE). The policy will also be evaluated with reference to any comments made by the DfE, Trust auditors or any other interested parties.

4. Policy Aims

The purpose of this policy is to allow Trustees to direct funds to where they are most needed and support the delivery of the Trusts vision and strategy. The policy aims are as follows:

- To identify the target level of reserves that the Trust is required to hold.
- To explain the reason for holding reserve balances.
- To ensure internal control arrangements within the Trust are operating effectively and assure proper stewardship over public funds.
- To ensure that Trustees receive oversight of the reserves position of the Trust and challenge this position as required.
- To inform the budget process by considering whether reserves need to be used during the financial year to address an in-year deficit budget.
- To assist in strategic planning by considering how new projects or activities will be funded.

5. Scope of the Reserves Policy

This policy has been formulated in accordance with the Academy Trust Handbook, published by the DfE. The handbook requires the following:

Financial planning

*2.8 The board of trustees **must**:*

- *Ensure that financial plans are prepared and monitored, satisfying itself that the trust remains a going concern and financially sustainable*
- *Take a longer-term view of the trust's financial plans consistent with the requirement to submit three-year budget forecasts to DfE*
- *Set a policy for holding reserves and explain it in its annual report, including a clear plan for managing reserves.*

Setting a budget

*2.9 The board of trustees, and any separate committee responsible for finance, **must** ensure rigour and scrutiny in budget management.*

*2.10 The board of trustees **must** approve and minute their approval of a balanced budget, and any significant changes to it, for the financial year to 31 August, which can draw on unspent funds brought forward from previous years.*

*2.11 The board **must** ensure budget forecasts for the current year and beyond, and any revised outturns for the full year, are compiled accurately, based on realistic assumptions, including any provision being made to sustain capital assets, and reflect lessons learned from previous years.*

Managing General Annual Grant (GAG)

Managing surplus GAG

5.28 DfE previously set limits on GAG carried forward by trusts from year-to-year. These limits have now been removed for eligible trusts (see section 5.55).

6. Reserves Policy

6.1 Target Level of Reserves

The DfE does not set a required level of reserves, Trustees decide the level of reserves to hold that is appropriate for the individual circumstances and priorities of the Trust. This should be reviewed regularly to ensure that it continues to meet the needs of its pupils. Academy Reserves will be pooled and held centrally, please reference the GAG & Reserve Pooling policy.

Reserves are considered to be the balance of unspent:

- Unrestricted funds, to the extent that they have not been used for the acquisition of fixed assets.
- General annual grant (GAG), although GAG is a restricted fund, any unspent GAG is usually considered as reserves. This is because it is permitted to be used for the general running of the trust's main activity of delivering education.

In line with the Charities SORP, reserves exclude:

- Tangible fixed assets used to carry out the Trust's activities, such as land and buildings
- Restricted funds (subject to external restriction)
- Designated funds set aside to meet essential future spending (internal restriction)
- Commitments that have not been provided for as a liability in the accounts.

It is anticipated that the Trust will hold a prudent level of reserves. It is expected that the target level of reserves is circa 8%, representing 1-month of annual expenditure. Reserves are expressed as a % of total revenue income. This level will be reviewed annually in light of:

- The Trust's size and complexity.
- Planned capital projects or expansion.
- Risk assessments and financial forecasts.

A comparative between the current and target reserves balance will be reviewed and projections on estimated future reserves balance will be made as part of the budget setting process and update of the 3 Year Financial Plan.

The level of reserves held should be presented and discussed at the Finance and Resources meetings to provide visibility of available funds and show evidence of compliance with the minimum reserves target.

The target level of reserves should ensure that sufficient funds are held to enable the Trust to manage, in the short term, any financial risk that may result from the following:

- Short term fluctuations in income e.g., reduced student numbers.
- Funding of unforeseen expenditure e.g., urgent maintenance work.
- Funding of material capital projects that are not covered by SCA e.g., building improvement works.
- Delivering a robust programme for renewal and replacement of Academy assets e.g., ICT hardware.
- Funding of staffing costs that cannot reasonably be reduced within the required timeframe, up to the point that procedures can be implemented to reduce costs moving forward.
- Funding of redundancy costs/severance payments to facilitate cost reductions moving forward.
- Funding of staffing costs to support additional resources in Teaching and Learning as considered necessary by the Trust.

An analysis of planned expenditure against reserves will be reviewed by the Trust and included in the reporting pack each month.

6.2 Increasing the Reserves Balance

It is expected that all Academies within the Trust will set a balanced budget for the year. Whilst the Trust will not maintain levels of reserves that are excessive compared with total income levels, there is a need to maintain reserves greater than the target 8% to ensure that reserves are available for future capital projects.

It is proposed that all capital spend will be funded from the central reserves fund, as appropriate a reserves contribution may be applied to each Academy budget to maintain Trust reserves. This will be agreed annually as part of the budgeting process. In addition, any in year surplus will also be transferred to the central reserves fund.

Any pre-approved budget deficit in the Trust central budget or Academy budget at the end of the financial year will be offset against the Trust Reserves Fund. The reported deficit will be reviewed by the CEO and CFO, in conjunction with the Academy Leader, to ensure that the deficit is in line with expectations and conditions set out at the point the deficit was approved.

Any unapproved deficit in the Trust central budget or Academy budget at the end of the financial year will be reviewed by the CEO and CFO, in conjunction with Trustees, who will have the discretion to reclaim the overspend, wholly or partly, from the next years' budget if required.

6.3 Pension Reserve

The Trust continues to calculate its reserves without setting aside a designated reserve to cover any pension liability. The presence of a pension surplus or deficit does not constitute an immediate liability or realisable asset and does not mean that the equivalent amount is already committed or no longer available to the Trust.

The presence of a pension surplus or deficit will generally result in an increase or decrease in employers' pension contributions over a period of years. The MAT will continue to inform budget planning with a requirement to meet the required pension contributions from projected future income without significantly impacting upon its planned level of activities.

6.4 Investment of Surplus Reserves

Where reserves are not immediately required, the Trust may invest surplus funds in accordance with the DfE's investment guidance: