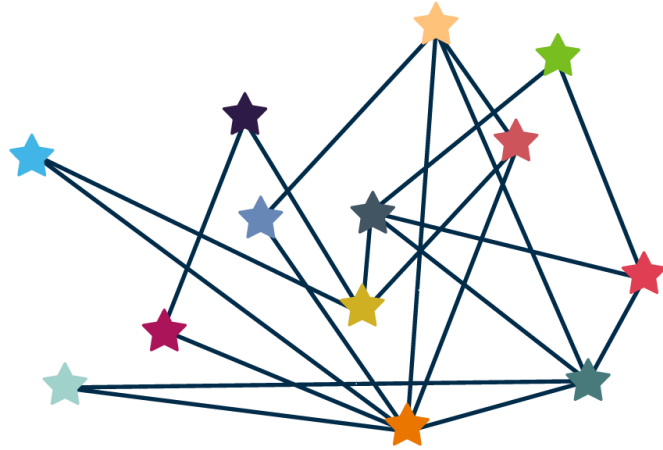


# ULT Reserves and Charging Policy



**UTTOXETER**  
LEARNING TRUST  
INSPIRED TEACHING  
INSPIRING CHILDREN

**Approved: Autumn 2021**  
**Due for review: Autumn 2022**

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## **POLICY STATEMENT:**

Uttoxeter Learning Trust will carry forward a prudent level of reserves designed to meet long-term educational and estate needs and any other unforeseen contingencies. Such reserves will be subject to the constraint that the level of reserves does not exceed the levels permitted by the DfE and ESFA. The Trust will also retain a % of EFA funding from the General Annual Grant received by schools in order to provide high quality central services and value for money.

### **1. PURPOSE AND SCOPE:**

Maintaining an appropriate level of financial reserves is considered essential in protecting the Trust from financial risk generated by, for example:

- income reduction due to Government funding changes
- unexpected falls in student numbers
- cash flow issues due to delays in receipt of funding
- emergencies

In general, it is considered prudent to maintain a level of useable reserves sufficient to cover unexpected and unplanned events so that each individual establishment's primary objective is preserved. At the same time, establishments need to ensure that they use their funding to benefit the students in their care which implies a need to actively consider the use of reserves to enhance educational provision.

This policy sets out the circumstances under which individual school and the Central Trust may use reserves for the benefit of the pupils and establishments within the Trust. It also provides guidelines about the expected levels of reserves at school and Trust level.

The policy also sets out the arrangements for Trust Central costs. The Trust will normally retain up to 5% of the EFA (GAG) funding from each of the schools to spend on agreed central activities. The top-slice is determined by the Trust Board and reviewed annually. The Board reserves the right to make a charge of up to 7% for any academies in Ofsted Requires Improvement/Special Measures categories that join the Trust.

### **2. ROLES AND RESPONSIBILITIES:**

The **Trust Board** is responsible for approving this policy and ensuring it is applied consistently across the Trust. The board is responsible for the annual review and approval the top-slice charged to schools.

The **CEO and CFO** are responsible for ensuring that individual schools adhere to this policy and agree an action plan where necessary. They are responsible for the effective deployment of central resources to enable the Trust to deliver effective services and education across the MAT and advising the Trust Board.

The **Local Governing Bodies and Executive Headteachers / Headteachers** are responsible for the effective deployment of resources to enable the school to deliver effective education within their setting which falls within their allocated annual funding.

The **Business Managers/CFO** are responsible for monitoring the level of reserves held by their/all establishment(s) and advising Headteachers and Local Governing Bodies.

### **3. AIM:**

The aim of this Reserves and Charging Policy is to:

- identify the level of reserves to be held by individual settings
- detail the process required to request use of reserves
- give examples of use of reserves which the Trust do not deem acceptable
- give examples of when it would be prudent to make use of reserves
- detail the process by which the top-slice is reviewed and determined
- give examples of the use of the top slice

### **4. RESERVE LEVELS:**

The Board of Trustees require a revenue reserve to be created to fund future expenditure related to the Trust's strategic long-term aims and developments. Schools are expected to contribute towards reserves from their General Annual Grant (GAG) funding or other income at a rate of between 2-5% every year; the specific % will be set by the Finance & Audit Committee. This contribution will be added to schools accumulated reserves to support in future years, which will be capped at 5% of GAG.

Trustees will monitor levels of reserves in financial reports provided by the CFO and in the annual financial statement prepared by the Auditor. Trustees will look to ensure that a prudent level of reserves is maintained, bearing in mind the recurrent spending needs to ensure high quality provision. In deciding the level of reserves Trustees will take into account the following:

- the establishment's annual budget
- the need for any large project spend such as facilities development or building condition needs
- any uncertainty, turbulence or expected reduction in funding arrangements, including the level of transitional protection within the establishment funding and its expiry date
- anticipated funding over the next three years
- the need for the establishment to maintain delivery of the curriculum

Trustees recognise that maintained schools or single academy trusts who join the Trust may not initially have the level of reserves we would recommend. In these circumstances the school will be expected to build up a sufficient level of reserves within 2 years of joining the Trust.

### **5. PROCEDURE FOR USE OF RESERVES:**

Where an establishment has sufficient reserves, they should in the first instance discuss any proposed spend with the CEO, CFO and Chair of the local governing body at the budget review which occurs in the spring term. Schools may then be asked to document this process for which the form at Appendix A should be completed, which will then be

considered for final approval by the Finance and Audit committee.

There may be circumstances when the establishment does not have sufficient reserves to cover expenditure which may be required for emergency works. In the first instance assistance should be sought from the ESFA to the Condition Improvement Fund.

Any successful application for CIF is usually agreed with a 10% contribution from the school which will need to be budgeted for. The Trust may therefore agree that a school may loan required monies from within the Trust reserves and any such loan agreement will be interest free and repaid against a robust repayment plan. Schools wishing to apply for a loan from Trust reserves should complete the form at Appendix B.

## **6. UNACCEPTABLE USE OF RESERVES:** ;

Schools should not use reserves to supplement their annual budget. This is not deemed sustainable over a period of time and in the current financial climate it is imperative that establishments staff accordingly and within their annual budget. There may be some circumstances where use of reserves for staffing is deemed to be necessary and as such a request should be submitted to the CEO and CFO.

## **7. ACCEPTABLE USE OF RESERVES:** ;

Permitted examples of use of reserves are shown below however this list is not exhaustive:

- Capital projects for which reserves have been specifically accumulated
- Staffing where pupil numbers temporarily dip and the school has planned reserves accordingly
- SEND related provision
- Safeguarding related issues
- Security of estate related projects
- School improvement related spend – in particular where a school has an Ofsted judgement (or possibility of) to improve.
- Health & Safety Issues

## **8. TRUST CENTRAL COSTS:**

Trust central costs may be used to support schools with capacity and or services. Examples include the following:

- Salaries of Trust central employees
- Central Services such as banking, legal, HR, auditors, licenses, catering, cleaning, and grounds
- Central Procurement of resources, materials, software, and photo-copying
- PR and Marketing
- External Reviews and school improvement services
- Subscriptions
- Training

**9. MONITORING COMPLIANCE WITH AND EFFECTIVENESS OF THE POLICY:**

Effectiveness and compliance of this Policy will be monitored on an annual basis.

**10. REVIEW:**

Linked policies:

ULT Financial Policy and Procedures

Appendices attached:

## ULT RESERVES AND CHARGING POLICY

## REQUEST TO USE SCHOOL BASED RESERVES – BUSINESS CASE

School Name	
Current Reserve Sum available	
Approximate sum of 1 month salary cost	
Current in year surplus/deficit	
Details of Project/ Reason for Spend	<p>In support of your case please include the following where applicable:</p> <ul style="list-style-type: none"> <li>• Business Case</li> <li>• Approximate costs</li> <li>• Copies of quotations</li> <li>• Copies of inspection/condition reports</li> <li>• Alternative solutions</li> <li>• Implications of project not going ahead</li> <li>• Demonstration of best value</li> <li>• Photographic evidence where applicable</li> </ul>
Estimated total cost of project	
Signature: Headteacher	
Signature: Chair of Local Governing Body	
Signature: Chair of Finance and Audit committee	
Date:	

## ULT RESERVES AND CHARGING POLICY

## REQUEST TO LOAN TRUST RESERVES – BUSINESS CASE

School Name	
Current Reserve Sum available	
Approximate sum of 1 month salary cost	
Current in year surplus/deficit	
Details of Project/ Reason for Spend	<p>In support of your case please include the following where applicable:</p> <ul style="list-style-type: none"> <li>• Business Case</li> <li>• Approximate costs</li> <li>• Copies of quotations</li> <li>• Copies of inspection/condition reports</li> <li>• Alternative solutions</li> <li>• Implications of project not going ahead</li> <li>• Demonstration of best value</li> <li>• Photographic evidence where applicable</li> </ul>
Estimated total cost of project	
Contribution to be provided by school	
Amount of loan requested	
Timescale required to repay loan	
Signature: Headteacher	
Signature: Chair of Local Governing Body	
Signature: Chair of Finance and Audit committee	
Date:	



