Eastwood Park Academy Trust (EPAT)

EPAT

Believe Succeed Together

Reserve Policy

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1.0 Introduction

Future plans need to be considered when setting the Trust's budget. In looking at future plans, projects or other spending needs might be identified that cannot be met from the income of a single year's budget alone. The identification of these factors might point to a need for reserves. Levels of reserves which are too high tie up money which should be spend on current activities. Levels of reserves which are too low may put the future activities of the Trust at risk. It is a requirement of the accounting policies which govern the Trust that the Trustees state their reserves policy in their audited annual report.

2.0 Setting of Reserves

The Trust's level of reserves should be informed by:

- Its forecasts for levels of income for the current and future year, taking into account the reliability of each source of income.
- Its forecast for expenditure for the current and future years on the basis of planned activities.
- Its analysis of any future needs where future income alone is unlikely to be able to meet anticipated costs.
- Its assessment, on the evidence available, of the likelihood of each of those needs that justify having a reserve arising, and the potential consequences for the Trust of not being able to meet them.

3.0 Reserve Levels

The Trust believes that the funding received in any one year should be used to support the pupils on roll at the time unless there is a specific project which will require the accumulation of funding over more than one year.

The Trustees consider that the appropriate level of free reserves should be equivalent to one month's expenditure, approximately £580,000 for secondary schools and £254,000 for primary schools. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long-term sickness where unforeseen costs are incurred.

Additionally, the Trust is endeavouring to accumulate reserves for key capital projects at constituent academies. Currently, this will include The Eastwood Academy using accumulated reserves for the refurbishment of the Science Block, for example.

The Trust will monitor the level of reserves to ensure that they are maintained at the required level. In the event that they are partly used, the Trust will strive to rebuild the reserves up to the level needed.