



Lingfield Education Trust

Reserves Policy

Policy Version Control	
Policy type	Academy Trust
Policy prepared by (name and designation)	Nick Blackburn CEO
Last review date	October 2016
Description of changes	Incorporation of new Trust name throughout the document.
Date of Board of Directors approval	November 2016
Date released	3 rd February 2017
Next review date	Autumn 2017

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 Lingfield Education Trust in relation to financial planning and monitoring.
2. One of the ways in which the Trust 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 Trust manages its cash, liquid assets and debt.

LEVEL OF RESERVES

4. The main financial risk to the Trust 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 4 weeks worth of expenditure, both in terms of salaries and invoices. In broad terms this would equate to approximately £465,000.

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

7. The reserves policy will be reviewed by the Finance, General Purposes & Personnel Committee on an annual basis.

Review Date: Autumn 2017