



**THIS POLICY COVERS ALL ACADEMIES/SCHOOLS WITHIN
ARDEN MULTI-ACADEMY TRUST**

Name of Policy	MAT Reserves Policy	
Lead	Martin Murphy, CEO	
Governor Committee	Audit & Risk Committee	
Policy Status	Awaiting Approval	No
	Trustee Approved	12 th December 2023
Version No.	1	
Next Review	Autumn Term 2024	
Amendments		



Aims

The Arden Multi Academy Trust reserves policy aims to ensure the Trust maintains an appropriate level of financial reserves to protect the Trust from financial risk and ensures the Trust has the ability to react quickly to changes in financial circumstances.

The Trust will also ensure that it uses its funding to benefit all Students and actively considers the use of financial reserves to enhance their education provision

Legislation and statutory requirements

As per paragraph 2.8 of the Academies Trust Handbook 2023 the Board of Trustees are responsible for the setting of a policy for holding reserves. The policy takes into account the ESFA Guidance on Academy Trust Reserves (<https://www.gov.uk/government/publications/academy-trust-financial-management-good-practice-guides/academy-trust-reserves#:~:text=ESFA%20does%20not%20set%20a,meet%20the%20needs%20of%20pupils.>)

and the Charity Commissions guidance on reserves (<https://www.gov.uk/government/publications/charities-and-reserves-cc19/charities-and-reserves>)

Background

Types of reserves

1. Restricted Fixed Asset reserves

The Restricted Fixed asset reserve is specifically held for capital purposes, the balance equates to the Net Book Value of assets within the Trust plus any unspent capital funds. The Restricted Fixed Asset reserve is not included as part of this reserves policy.

2. Pension Reserve

Arden MAT is part of the Local Government Pension Scheme (LGPS) which is a defined benefit pension scheme operated on behalf of the Trust's Associate staff. The pension reserve is the difference between the assets and liabilities of the pension scheme and is valued annually by the scheme actuaries. The valuations are detailed in the Trust's statutory accounts.

The current pension reserve deficit/liability is not considered to an immediate liability or a realisable asset and is not included as part of this reserves policy.

A triennial actuarial review by the schemes actuaries and any changes in the long term funding of the scheme is reflected in a change in employer pension contributions. This change is incorporated within the annual budgeting and forecasting process and reflected in future projections of Revenue reserves.

3. Restricted income fund (Restricted revenue reserve)

The restricted revenue reserve comprises all funds that are received with restrictions. The majority of these are Government funds which are received for a specific educationally related purpose.

4. Unrestricted income fund (Unrestricted revenue reserve)

Unrestricted revenue is income that has been received from the school's/Trusts activities for generating funds, investment income or other donated income without specific restrictions. This may be used for any charitable objects of the Trust at the discretion of the Trustees.

Rationale

Arden MAT will maintain an adequate level of Revenue reserves (the total of the unrestricted and restricted revenue reserves) taking into account:

- potential reduction in income due to changes in government or other known funding policies
- changes in pupil numbers
- changes in curriculum or staffing structures
- strategic plans
- cashflow issues due to delays in the receipt of funding (including revenue and capital grants)
- the need to match income with commitments
- a contingency to ensure the funding of any unexpected events including emergencies, additional staffing requirements and additional capital expenditure
- plans for potential major items of expenditure (including capital expenditure)
- annual budget and long term forecasts

Policy

The Trustees are of the opinion the required minimum level of reserves is the equivalent of 4 weeks working capital requirements.

The trustees review the reserve levels of the AMAT on a termly basis taking into account the latest forecast position of the Trust.

The Trust will not maintain levels of Revenue reserves that are excessive compared to budgeted income.

Any surplus cash funds will be investing with regard to the Arden MAT Investment policy.

Monitoring arrangements

The Board of Trustees is responsible for the implementation of these policies.

These policies are reviewed by the Board of Trustees every year.