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| Title | Financial Reserves Policy |
| Purpose | Trustees require a reserve to be created to; mitigate risk of income variations; maintain a consistent and sustainable workforce; fund other expenditure related to strategic long-term aims and developments. |
| Relevant to | Trustees, Senior Staff |
| Responsible Officer | Chief Financial Officer, BSET |
| Introduced | 1/2021 |
| Modification History | |
| Related Policies | BSET Financial Regulations Policy BSET Scheme of Delegation |
| Date Due for Review | 1/2022 |
| Relevant committee for review | Board of Trustees, Oakbridge Special Education |
| Approved | 3/3/2021 |
| Filed as | OBRPol.10_Financial_Reserves_Policy_Vs1_0121.docx |

Scope

The Headteacher of Barnet Special Education Trust, as Accounting Officer, in conjunction with the Chief Financial Officer and Finance Manager, is responsible for ensuring compliance with statutory regulation, policies and procedures for all schools and subsidiary companies under the ultimate control of the Multi-Academy Trust

REVENUE RESERVES

Purpose

Oakbridge Special Education is established as a Special Post-16 Institution to offer further education provision to young adults aged 19 and over. This means that, in accordance with its funding agreement with the Secretary of State, the restricted funds of the MAT may not be used to fund educational activities of adults who are students registered at Oakbridge.

As sole Corporate Member, the trustees of Barnet Special Education Trust therefore expect Oakbridge trustees to develop an independent financial reserve in order to;

- mitigate risk of income variations to individual student top-up funding;
- maintain a consistent and sustainable workforce, as staffing costs are such a large proportion of revenue expenditure;
- fund other expenditure related to strategic long-term aims and developments.

Procedure

The trustees should establish a prudent level of reserves designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed a level permitted by its funding contracts. Trustees should aim to maintain a level of reserves within the range of one month to three month's operational costs. (2020: £47,300 - £141,900)

CAPITAL RESERVE

Purpose

Currently, ESFA provides minimal funding by way of Capital Grant. The Trustees therefore require a capital reserve to be created, in order to fund future capital expenditure.

Procedure

- Trustees and Local Governors should agree the value of any capital reserves to be created in a year as part of the budget approval process.
- Trustees and Local Governors should have regard to the current level of revenue reserves when agreeing and approving the value of capital reserves in any year.
- Expenditure from the capital reserve may only occur as approved.
- Funds should only be transferred to a separate bank account if it is certain that to do so would not create a deficit cash flow situation.
- Any separate bank account should have instant access in order to ensure any "unknown" major expenditure can be moved to the current account in order to ensure cash flow does not indicate a deficit.