



John Masfield High School and Sixth Form Centre Reserves Policy

Version Number	1
Owner	Headteacher
Approved By	Chair of Trustees
Approval Date	September 2025
Next Review Required By	September 2026

Signed By:

Date:

Owner - Headteacher

Approved - Chair of Trustees

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1 Aims and introduction

John Masfield High School and Sixth Form Centre Trust “The Trust” is responsible for the effective and efficient use of resources. This statutory policy sets out The Trust’s approach to the management of financial reserves.

This policy aims to ensure that the trust maintains appropriate levels of reserves to support its financial stability, enabling it to:

- Meet the needs of its pupils, its educational objectives and long-term sustainability
- Give confidence to the public, stakeholders and regulators that the trust’s finances are being properly managed
- Provide accountability for the trust’s use of public funds
- Provide an indicator of future funding needs and overall financial resilience

This policy is in line with the following guidance:

- Department for Education (DfE): [Academy Trust Handbook](#) and [Academy trust reserves guidance](#)
- Charity Commission: [Charity Reserves: Building Resilience](#)
- Charity Commission: [Charities Statement of Recommended Practice \(SORP\)](#)

1.1 Definitions

Reserves are defined as the part of the trust’s unrestricted income fund that is freely available to spend on any of the trust’s purposes, often referred to as ‘free reserves’. They represent the funds available to the trust once all liabilities have been met, including unspent funds from previous years. Reserves are freely available to spend on the trust’s purposes, as follows:

- Restricted funds:
 - Funds received for a specific purpose (for example, capital grants), which can’t be used for general expenditure and are not included in reserves
- Reserves:
 - Funds that can be used at the discretion of the trust board to support The Trust’s charitable objects
 - Unspent General Annual Grant (GAG)

1.2 Purpose of reserves

Reserves are held to:

- Provide financial stability and ensure the trust can operate effectively in times of unforeseen difficulty
- Manage the financial impact of fluctuating pupil numbers
- Cover short-term funding deficits, for example where funds may need to be spent before receipt of grant funding
- Support strategic investment in educational improvement and infrastructure
- Prepare for commitments, such as major asset purchases, which cannot be met by future income alone

- Comply with obligations set by the DfE and the Charities Commission

2 Management of reserves

The board of trustees has considered the purpose of the trust holding reserves and how much should be held to meet those purposes. As a Single Academy Trust, The Trust holds all reserves centrally. This approach allows The Trust to use its financial resources to respond flexibly to capital projects or unexpected costs.

3 Reserves level

3.1 Calculation of reserves

The following are excluded from reserves:

- Tangible fixed assets such as land and buildings
- Programme-related investments held solely to further the trust's purposes
- Designated funds set aside for a specific purpose
- Other restricted funds where the donor or grantor has specified the purpose to which the grant or donation may be applied
- Commitments that have not been provided for as a liability in the accounts

The trustees have considered the following in determining the minimum level of reserves for The Trust:

- Income and expenditure forecasts for current and future years
- Analysis of any future needs, opportunities, commitments or risks, where future income may fall short of anticipated costs
- An assessment of the likelihood of a future funding shortfall and the reserves required to mitigate this risk

3.2 Level of reserves

The Trust recognises that holding excessive reserves could be seen as inefficient use of public funds and therefore aims to strike a balance between financial prudence and effective use of resources.

The trustees have determined that the appropriate minimum level of reserves held by The Trust should be equivalent to:

- 5% of Government income

3.3 Monitoring and review

The board of trustees will regularly review this target level, identifying any trends in spending, to ensure it remains appropriate, and to rectify any concerns. The trust will take into consideration

- Known and potential risks (for example, pupil number fluctuations, changes to funding)
- Future plans, including anticipated capital expenditure and projects
- Financial forecasts and projected income/expenditure

Reserves will be reviewed at least termly by the Finance and Audit, Premises, Health & Safety Committee, and annually by the full board of trustees as part of the budget setting and financial planning process. This review will include:

- An assessment of current reserves against the level agreed
- An analysis of the reasons for any significant variance
- A forecast of future reserve levels
- Consideration of any new risks or opportunities that may impact reserves

Where reserves are below target or exceed target, the board of trustees will consider whether this is due to a short-term situation or a longer-term issue. A broader review of finances and reserves will be undertaken if necessary.

4 Use of reserves

The Finance Manager will provide regular reports on the levels and use of reserves as part of management accounts.

Reserves may be used to:

- Support cash flow during delayed funding
- Fund strategic initiatives such as school improvement or expansion
- Respond to emergencies or urgent capital needs
- Support capital funding bids

Any planned use of reserves that would reduce the balance below the minimum reserve level set by the trust, must be approved by the trust board and supported by a recovery plan.

The trust remains legally responsible for all reserve funds.

4.1 Investment of reserves

Any surplus funds may be invested, in line with our investment policy, our articles of association, and in line with the requirements of the Academy Trust Handbook and Charity Commission guidance.

5 Reporting and transparency

The reserves position will be reported in:

- The trust's annual report and financial statements, in line with Charity Commission requirements, including:
 - An explanation of our approach to reserves
 - How and why reserves are held
 - Any designated funds in our reserves, their purposes and the likely timing of the expenditure
 - How our reserves support the trust's educational objectives
- Regular management reports to the trust board and Finance and Audit, Premises, Health & Safety Committee

- If reserves are significantly above the target set, we will evaluate the benefits of investing in facilities/resources, or undertaking new projects in line with the trust's objectives

6 Policy review

The overall responsibility for this policy lies with the board of trustees. The Finance and Audit, Premises, Health & Safety Committee will oversee the day-to-day management and regular monitoring of reserves.

This policy will be reviewed by the Finance and Audit, Premises, Health & Safety Committee annually, or more frequently if circumstances change.

The policy will be made publicly available on The Trust's website.

7 Links with other policies

This Reserves Policy is linked to the following:

- Scheme of delegation
- Finance policy

8 Review Date and Summary of Changes

Version	Date	Done by	Comment	Approval
1.0	Sept 2025	Jo Hickling	Full review and update in line with current legislation and guidance Model Policy taken from 'The Key' and tailored for John Masefield High School and Sixth Form Centre	Finance and Audit, Premises, Health & Safety Committee