

The Rutland Learning Trust

Providing outstanding education for all pupils – today and tomorrow

World-class education and care that allows every child to achieve their potential, regardless of location, prior attainment or background.

By
Working Together
Sustaining Excellence
Transforming Learning



By **'Working Together to Sustain Excellence and Transform Learning'**
we believe that we can improve outcomes for all children – today and tomorrow.
By working in this way we know that every child will be valued, cared for and have the very best chance to excel and achieve their potential.

Reserves Policy

2019

Approved by:	Audit Committee	Date: 17/10/2019
Last reviewed on:	[October 2018]	
Next review due by:	[October 2020]	

The Rutland Learning Trust – Reserves Policy

An academy is an exempt charity, regulated by the DFE. In line with Charity Commission Guidance The Education Funding Agency (EFA) expects academy trusts to have a reserves policy.

However, regardless of the regulatory requirement, establishing reserves that protect the operation of the Trust and contribute to its smooth running is good practice and forms part of its overall financial control and governance framework.

Considerations when determining the level of reserves

When considering an appropriate level of reserves, the trustees consider:

Future Plans

- Major capital projects
- Investment in Teaching & Learning
- Strategic Intent Implications – e.g. Growth Plan

Uncertainty

- A large proportion of the income and expenditure is predictable. This reduces but does not eliminate the need to hold reserves for working capital, cash flow and uncertainties.
- Provide resilience against funding cuts and increased costs of operation.
- Reference should be made to the risk register for review of the likelihood of certain financial uncertainties and their potential impact plus the measures in place to negate them. E.g.
 - Covering unforeseen day-to-day operational costs, for example employing temporary staff to cover a long-term sick absence
 - A fall in a source of income, such as lettings
 - Fall in pupil numbers
 - Unexpected additional costs – e.g. legal

Funds Management

- Next years budget
- Working capital and cash flow requirements
- Maintenance and ongoing capital investment

Context

- The RLT is in its infancy and is still bearing the costs of establishing an infrastructure suitable for the planned growth.
- It is made up of small rural primary schools set in an affluent locations and as a consequence is poorly funded due to the needs driven funding system. Consequently budgets have limited flexibility.
- Teaching and learning is at the heart of everything we do and also the driver for the growth plan.
- Being part of a MAT reduces the 'net' financial uncertainty across the Trust

The Rutland Learning Trust – Reserves Policy

Given our context our level of reserves will be low at the early stages of our growth in order to maintain the required level of outcomes in teaching and learning.

Level of reserves

The Rutland Learning Trust has decided that the reserves level for the financial year 2019/20 will be 8% of General Annual Grant (GAG) income £400,000 based on analysis of the points above. The level of reserve will be reviewed and set on an annual basis as part of the budget setting plan. Over the next three years in line with the Trusts growth plan the level of reserves is planned to increase as the benefits of economies of scale and efficiencies savings are realised.

Reporting to Trustees

The reports will:

- Compare the amount of reserves held with the target amount set for reserves and explain any shortfall or excess in reserves against target set
- Explain any action being taken or planned to bring reserves into line with target

Annual financial statements

The reserves policy disclosed in the Trustees report will include the following information:

- Why reserves are held
- What amount of reserves is considered appropriate for the academy trust
- What the level of reserves is at the year end
- How the academy trust is going to achieve the desired level or range of reserves?
- How often the reserves policy is reviewed.
- Target range of reserves for the financial year

Reviewing

The CFO and Trustees will carry out a review of this policy annually to ensure it reflects the RLT's current situation and that any new or changed legislation is adhered to.

Next board of trustees review due: October 2020.

Date: 17/10/19