



Special Partnership Trust



# RESERVE POLICY

Date Last Reviewed: June 2021

Review Date: June 2022



Special Partnership Trust

## Reserve Policy

### Reserve Strategy Proposal

There is a general acceptance that schools should use today's money for today's pupils, rather than building up large reserves, especially if those reserves are not part of a medium-term plan. The Trust pools reserves at a Trust level, not at an individual school / ARB level. This enables the Trust to develop and deliver Trust strategic partnership priorities and/or to mitigate risks as outlined in the strategic risk register. The Trust reviews the reserve policy annually, seeking advice from the Trusts management accountants and auditors and to ensure that the Trust meets the requirements as set out in the Academies Handbook.

#### General Reserve

The purpose of this reserve is to provide for any unexpected expenditure that cannot be managed within existing budgets. Such expenditure would be one-off and resulting from an extraordinary event. A general reserve should be set at a prudent but not excessive level, as holding high level reserves can impact on resources and performance.

As recommended by the ESFA the Trust will maintain an operating reserve balance of between 3-5% of total income. Based on the Draft v9 21/22 Budgets and a total income of £16,128,249, the Trust would like to retain 4% (£645,129) as an operating reserve.

#### Earmarked General Fund Reserves

We have created some strategic internally 'ringfenced' reserves to enable the Trust to discharge its strategic objectives over the next 2-3 years. These are internally 'ringfenced' reserves within the 'free' reserves that are reported in our accounts. This approach is an extension of the current Reserve Strategy based on the favourable financial position.

- £100,000 restricted reserve to cover emergency school improvement intervention (for example Headteacher support).
- £75,000 restricted reserve to fund the completion of the personalised Pupil Assessment of Need/Teaching & Learning/Impact Project, including all assessment licences for the next 3 years. Also to include an element for CPD, training time to ensure that we roll out systems, knowledge, understanding across all Trust staff as quickly and as thoroughly as possible. Linked to the assessment priority, lead by Caroline and Andy.
- £80,000 restricted reserve to support the delivery of a COVID recovery strategy, supporting the most vulnerable pupils and staff members. The Trust will provide a Covid Recovery strategy that is linked to our Pupil and Staff Behaviour and Wellbeing strategies. (12 months)
- £250,000 restricted reserve to support the development and delivery of a Trust wide multi-disciplinary therapy, mental or medical health, counselling team to

support Trust pupils. Delivered and led initially by Trust staff, linked to: Autism Hub, CPD, Outreach, Trust offer to pupils and staff. Linked to the Behaviour work lead by Ruth Carpenter. The Trust Executive Leadership Team will create a Business Case for consideration. (Over 3 years)

- £2,500 restricted reserve (each year) to provide a SC Research & Development CPD grant for aspiring members of staff. (Annually)
- £100,000 restricted reserve CIF/Capital Contribution for 20/21 projects and historical b/fwd balances, Environment/Energy Surveys. (12 months)
- £25,000 Pump prime ICT Capacity for dedicated SPT Helpdesk for 12 months
- £90,000 for OMS intervention/support based on 20/21 YE Carry over from DCC. (This may include support for the HT recruitment process, additional CPD/SI requirements, or to mitigate risks that were unknown during the due diligence process pre-transfer).

## Review

During the Autumn the Trust reserves are reviewed on an annual basis to ensure they meet the current and future needs of the Trust. As part of the review members consider for each earmarked reserve:

- the reason for/ purpose of the reserve
- how and when the reserve can be used
- its relevance and adequacy
- When to begin to replenish the reserve.

Any transfers to or from earmarked reserves are approved by the Trustees.

## Risk Analysis

Any recommendations that change the planned use of reserves will take account of service needs against the need to retain prudent levels of reserves. There are significant risks which affect the level of reserves to be maintained and the type of risks that have been considered, but which also be kept under review are:

Future funding gap - the risk that due to the economic conditions, that are likely to be further real terms reductions in levels of revenue support grant and reductions in specific grants.

- Reduced capital receipts and planning related income.
- Increased demand on services which can lead to overspends.
- Lower than expected income
- Uninsured losses from hard to predict events.
- Inability to deliver planned savings.
- Risks to the delivery of the Trust's Educational Offer
- Organisational Restructuring – for example, redundancy and pension costs.
- Repair or replacement of assets – for example, buildings.



**Process for accessing Trust pooled reserves.**

Should Trust pooled general reserves increase above the amount specified in the policy. The Trust Senior Leadership Team will prioritise the use of additional resource either toward Trust wide development priorities or to schools/ARBs split equally for one – off capital or revenue projects, school, improvement initiatives.

The use of the surplus general resources will be approved by a Trust Sub-Committee

