

Viking Academy Trust



Reserves Policy

The VIKING ACADEMY TRUST 'Capital & Revenue Reserves Policy' has been written following guidance from The Academies Trust Handbook 2023, EFSA & IBSL

Approved by the Trust: Annually

Date of Review: Term 2 2023

Signed:

Chair of Trustees

Reserves Policy

The Viking Academy Trust

Empowering children through education: One Childhood One Chance

Schools in the Viking Academy Trust (VAT)

Chilton Primary School
Ramsgate Arts Primary School
Upton Junior School

This '**Reserves Policy**' is for the aforementioned schools.

Purpose

Academies are expected to hold contingency reserves from their annual GAG funding or other income. The Trustees require a reserve to be created to fund future expenditure.

Financial Position:

If a Viking school has a substantial surplus over the agreed level they should have a clear plan for how it will be used to benefit their pupils, for example a long-term capital project.

With this in mind, those schools within the Trust with higher surplus reserves typically also have higher cash balances and therefore support other schools within the Trust that are currently below the required reserves levels for cash flow purposes as and when required.

The reserves policy is not deemed a static policy and in looking at the future three and five year plans, projects, or other spending needs, the identification of these factors might point to a need to increase or reduce the level of reserves and therefore the policy will be reviewed at least annually as part of the Trust's planning processes.

Scope

The CFO, in conjunction with the CEO (Accounting Officer), are responsible for ensuring compliance with Viking Academy Trust's Policies and Procedures.

Procedure

The policy of VAT is to carry forward a prudent level of resources 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 the level permitted by the DfE.

- The CFO should propose a capital reserve schedule to the Trustees identifying the need to replace assets and the related sums required.
- The Trustees should agree the value of capital reserves to be created in a year as part of the budget approval process.
- Spend of the capital reserve fund should only occur as agreed budgeted spend which is approved by the Trustees as part of the budget process.



Current Financial Position

The Viking Academy Trust's total fund balances as at 31 August 2023 were **£18,415k**.

Excluding the restricted fixed asset fund and pension reserves, the trust held total funds of **£1,268k** comprising **£416k** of restricted funds and **£852k** of 'free' unrestricted funds.

The trustees review the reserve levels of the trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The trustees will always try to match income with expenditure in the current year (set and manage a balanced budget), will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the pupils.

The trustees have determined that the appropriate level of revenue reserves should be **equivalent to one month's salary cost**, approximately **£500k**

eg September 2023:

CENTRAL	£ 37,872
CHILTON	£149,853
RAPS	£137,908
UPTON	£166,915
Trust Total	£492,548

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long-term sickness where unforeseen costs are incurred.

The trust therefore has sufficient reserves as at 31 August 2023 to meet this target. Although the level of completely free unrestricted reserves is less, most of the restricted funds relate to core General Annual Grant funding which will be used for the main educational operations.

The trustees will continue to monitor the level of reserves to ensure that they are maintained at the required level. In the event that they are partly used the trust will strive to rebuild free reserves up to the level needed.

The Trust Board has delegated responsibility of reviewing this policy to the FAR Committee to be reviewed annually, in term 2 following published end of year accounts.