Grove Learning Trust
Creating Remarkable Futures

Reserves Policy

Agreed by Board of Trustees
Autumn 2025

Company Number: 07728828
Registered Office: Wroughton Junior School, Inverary Road, Swindon SN4 6DL

Version Control

Version	Date	Status	Author (AU) / Approver (AP)
Draft 01	27/11/19	Completion of first draft	PB (AU)
Final – A	4/12/19	Ratified by Board of Directors	Trust Board (AP)
Draft 02	27/07/21	No changes made	PB
Final -B	12/10/21	Ratified by Board of Directors	Trust Board (AP)
Draft 03	Sept 2022	To be ratified by RAR	PB (AU)
Final - C	27/9/22	Ratified by RAR Committee	RAR (AP)
Draft 04	30/08/2023	Completion of review & updates	PB (AU)
Final - D	Autumn 23	Ratified by RAR	RAR (AP)
	Autumn 25	Update of review dates – Policy review frequency updated to every two years	SR (AU) / DG (AU)

Review

Next Review	Autumn 2027

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1. Purpose of the Policy

The Department for Education (DfE) expects educational establishments to use their allocated funding for the full benefit of their current pupils. Therefore, it is important that, if an organisation has a substantial surplus, they have a clear plan for how it will be used to benefit their pupils.

Budget forecasts sent to the Department for Education must declare any unspent funds expected to be carried forward at the end of the financial year. The Audit of the accounts will also confirm the sums of unspent funds , which is reported to the relevant DfE Boards through the academy accounts return, any cases where it has serious concerns about a long-term substantial retained surplus with no clear plans for use.

It is important that the reserves strategy takes account of longer-term financial forecasts including 3 to 5-year budget projections.

2. Types of reserves

Restricted Revenue Reserve

This is usually the amount of unspent General Annual Grant from each academy school.

Unrestricted Revenue Reserve

This is retained funding inherited by the schools upon conversion to academies or self generated funds through lettings, and other income generation activities.

3. Reserves Strategy

The trust acknowledges that it has a duty to ensure long-term financial sustainability. Holding a level of reserves is essential to ensure the Trust builds in resilience to overcome emergency situations, short-term cash flow challenges due to delays in funding, in year unexpected changes in funding levels, but also to provide a means to support long-term capital investment and develop the Trust.

The Trust sets its reserve levels to a minimum of 7% of total income for each school and a contingency reserve at £50,000 to be held centrally.

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

The board takes into consideration the future plans of the Trust, the uncertainty over future income streams and other key risks identified during the risk review. Under its funding agreements with the Department of Education the trust is not allowed to borrow any

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money. It is the aim of the trust to hold free cash restricted and unrestricted reserves for the following purposes:

- **Short Term Challenges** - provide sufficient working capital to cover delays between spending and receipt of grants, in-year unexpected changes in funding levels, and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.
- **Capital Investment** - provide funds for a programme of capital investment in fixed assets. This includes items such as information technology equipment, educational equipment, office equipment, vehicles and other assets. It is expected that academy will build into annual budgets a level of budgeted expenditure sufficient to fund regular updating and renewal of educational equipment. The trust will also develop a 3year capital investment plan to be reviewed annually.
  The capital investment plan will indicate levels of long-term funding needed to support major Trust wide fixed asset programmes.
- **Development** - provide funds for development, supporting some schools as they grow and to support the expansion and diversification of the trust in line with the strategic plan.

4. Monitoring and Review

The reserves levels will be monitored at least twice each year:

- Each year alongside annual budgeting and long-term forecasting
- Each year alongside the preparation of the Trust's year-end report and accounts

The policy, however will be reviewed every two years.

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