

Changes from original policy following feedback / changes in legislation

| <b>Change</b>                                                          | <b>Reason<br/>Reviewer /<br/>Legislation</b> | <b>Date</b>   |
|------------------------------------------------------------------------|----------------------------------------------|---------------|
| No Changes to original policy                                          | DE                                           | December 2025 |
| Amended to read 5% at all times accept under exceptional circumstances | Trustees                                     | January 2026  |



# Reserves policy

|                     |              |
|---------------------|--------------|
| Date Approved       | January 2026 |
| Date of Next Review | January 2028 |

1. Maintaining an appropriate level of financial reserves is considered essential in protecting the Trust from financial risk generated by, for example;
  - income reduction due to Government funding changes
  - cash flow issues due to delays in receipt of funding
  - emergencies
2. In general it is considered prudent to maintain a level of usable reserves sufficient to cover unexpected and unplanned events so that the Trust's primary objective is preserved. At the same time, the Trust wishes to ensure that it uses its funding to benefit the students in its care which implies an imperative to actively consider the use of reserves to enhance educational provision.
3. Trustees will monitor levels of reserves in financial reports provided by the Trust Finance Officer and in the annual financial statement prepared by the Auditor. Trustees will look to ensure that a prudent level of reserves is maintained aiming for at least 5% at all times except under exceptional circumstances of the **total** income including traded services income, bearing in mind the recurrent spending needs to ensure high quality provision. In deciding the level of reserves Trustees will take into account the following:
  - one month salary bill
  - the Trust's annual budget
  - the need for any large project spend such as facilities development or building condition needs
  - any uncertainty, turbulence or expected reduction in funding arrangements, including the level of transitional protection within the Trust funding and its expiry date
  - anticipated funding over the next three years.
4. This policy will be reviewed every 2 years