



Courage Compassion Vocation

St Teresa of Calcutta MAC

Part of the Birmingham Diocese

RESERVES POLICY

Date Approved/Approving Body:	Resources Committee 10 th March 2022
Signed:	
Minuted:	10 th March 2022
Date of Next Review:	September 2023

1. Introduction

This policy establishes a framework within which decisions will be made regarding the level of reserves held by the St Teresa of Calcutta MAC and the purposes for which they will be used and maintained.

The Directors recognise that the Reserves Policy must address the importance of holding and building reserves to facilitate the day to day working capital and efficient financial operation. They must also plan for long term financial viability, stability and strategic developments that benefit the MAC as a whole, whilst being mindful that existing pupils are not disadvantaged through the retention of excessive reserves.

The ESFA Financial Handbook notes that trusts should use their allocated GAG funding for the full benefit of their current pupils. If a Trust has a substantial surplus they should have a clear plan for how it will be used to benefit pupils, for example a long-term capital project.

2. Relationship between the Trust and its Academy schools

Each of the MAC schools are allocated GAG funding and are expected to set a balanced budget for the year using the GAG and other grants reasonably foreseen, matching expenditure to that income.

Individual schools pay a top slice into the Trust to cover central services, currently 3.25% of GAG.

Directors are mindful of the Academies Financial Handbook and requirement that GAG funding should be spent on current pupils.

However, Directors are also aware of significant volatility in the funding of education and their duty to manage any financial risk that may result from the following:

- Short term fluctuations in income e.g. reduced pupil numbers.
- Funding of unforeseen expenditure e.g. urgent maintenance works.
- Funding of material capital projects e.g. building improvement works.
- Delivering a robust programme for renewal and replacement of academy assets e.g. ICT hardware
- Funding of school improvement initiatives deemed necessary by the Trust.

3. Target Level of Reserves

It is anticipated that all schools within the MAC will hold a prudent level of reserves.

It is expected that the target level of reserves is 8%, representing 4 weeks of annual expenditure by 31st August 2023.

August 2021 (4%)

August 2022 (6%)

August 2023 (8%)

The Directors and Local Governing Bodies will agree individual school targets to ensure the family of schools work together to contribute to and achieve this objective.

The Directors maintain that the reserves balance of each Academy School will be accounted for and remain with the relevant School although they are held in the MAC central bank account.

Any reserves that are accumulated in the Trust will be spent at the discretion of the Directors.

The MAC will then seek to add future timescales to increase reserves to 6 weeks of annual expenditure.

4. Expenditure against the reserves balance

Any request for expenditure against the reserves balance must be notified to the Accounting Officer and Chief Finance Officer, using the Request Against Reserves pro-forma found at Appendix A.

The request will be presented to the Resources Committee for approval in line with the MAC Scheme of Delegation.

This will enable Directors to identify when, and for what reason, it is required to draw upon reserves and can consider what corrective action, if any, needs to be taken.



St Teresa of Calcutta Multi Academy Company Application for Expenditure Against Reserves

EXECUTIVE SUMMARY

Academy:

Project Details:

Value Requested:

Current year budget position:

Reserves b/f 1st September:

BUSINESS CASE

Introduction & Project Scope

Summary of Tenders Received

Tender Evaluation

SUBMITTED BY

Head teacher

Date:

APPROVED BY

Chair of Resource Committee

Date:

Accounting Officer

Date: