

Bishop Luffa Learning Partnership

Reserves Policy

Introduction

This Policy outlines how the Bishop Luffa Learning Partnership will manage its reserves to ensure long-term financial sustainability and meet any future needs. The aim is to maintain the financial health of the MAT and ensure that adequate funds are available for unforeseen circumstances, planned investments, or future educational initiatives.

Purpose

Our aim is to utilise effectively the allocated funding each year for the full benefit of current pupils and students. However, we also consider it necessary to carry forward some reserves to:

- Try to cover increases in unfunded staff related fixed costs, reduction in grant income due to funding changes and fluctuating student numbers
- Provide sufficient working capital to cover delays between spending and receipt of grants
- Fund large planned project spends, such as building, IT infrastructure, facilities
- Cover expenditure required for unforeseen circumstances, such as urgent maintenance
- Support schools and the Trust in their budgeting, in-year spending and planned future year expenditure. In the event that reserves are used to support a school's short term deficit the Board of trustees will require a short term action plan to revert the school to a surplus position.

Types of Reserves:

- **Restricted Reserves:** These are funds that are earmarked for specific purposes and cannot be used for general operating costs. They often come from specific grants or donations.
- **Unrestricted Reserves:** These funds can be used for general operational purposes or any other needs of the MAT.
- **Designated Reserves:** These are funds set aside by the MAT for a specific purpose (e.g., replacing equipment or expanding facilities), though they are not legally restricted.

Target Level:

The MAT aims to hold a minimum of 5% of its annual income in reserves, while also building a designated reserve for planned capital projects over the next 5 years. The maximum level would not normally exceed 15%.

Reserves deemed to be surplus to shorter term operating requirements may be invested in accordance with the Trust's Investment Policy.

Schools joining and leaving the Trust

Schools in the Trust, or joining, wishing to have monies strategically held as surplus for specific planned expenditure may have these funds designated after consideration by the Board. Otherwise all school's reserves are pooled and not separately identified.

Monitoring: The Finance, Audit and Risk Committee will review the reserves position termly and report to the full board. In the event that reserves fall below the target level, the board will develop a plan to replenish the reserves over the following financial year.

Reviewed by the Finance, Audit and Risk committee July 2025

Approved by the Board of Trustees July 2025