

Maiden Erlegh Trust
RESERVES POLICY



MAIDEN ERLEGH
TRUST

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1. Introduction

This document sets out the reserves policy for Maiden Erlegh Trust. The policy is reviewed annually in light of changes to the composition of the Trust, and other changes which may impact on the Trust's day to day operations.

Whilst the Trust does not wish to hold excessive reserves, as it believes that funds should be expended on the pupils and students of today, it recognises that a suitable level of reserves are required in order to mitigate its financial risks.

The Trust Board is ultimately responsible for the allocation of resources to deliver the vision of the Trust. The reserve balance is held centrally and may be used, at the discretion of the Trust Board, to support any of its charitable aims.

2. Purpose

The purpose of the reserves policy is to:

- Outline the funds to which this policy relates
- Define the appropriate level of reserves as at the balance sheet date
- Outline the method for recovering reserves if they fall below the level determined by this policy

3. Policy

Where this policy refers to 'reserves' it applies only to those reserves classed as Restricted and Unrestricted Funds. For the purposes of this policy, the net funds balance of the Restricted Fixed Asset Fund and Pension Fund are not considered to contribute to the Trusts' reserves balance.

When considering an appropriate level of reserves, the Trust Board considers:

- the risk of unforeseen emergency or other unexpected need for funds;
- a fall or rise in sources of income;
- planned commitments, or designations, that cannot be met by future income alone, for example plans for a major capital project;
- the need to fund potential cashflow deficits
- the full range of financial risks identified.

As a result, the Trust Board has determined that the minimum level of reserves held should equate to £100k per school within the Trust as measured on an annual basis at the balance sheet date.

Where the level of reserves falls below this level, as measured at the balance sheet date, the Trustees will act to recover the difference during the next annual strategic planning exercise. This sum will be recovered from the GAG Pool prior to any other deductions, allocations or reserves apportionments.