

Maiden Erlegh Trust  
**RESERVES POLICY**



**MAIDEN ERLEGH**  
TRUST

<b>Initial approval:</b>	October 2019
<b>Review frequency:</b>	Annually
<b>Date(s) reviewed:</b>	October 2021, October 2022, November 2023, November 2024, November 2025

## Contents

1. Introduction .....	3
2. Purpose.....	4
3. Policy.....	5

## 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

For the purposes of this policy, 'reserves' applies only to those funds classified as Restricted (excluding Fixed Asset and Pension Funds) and Unrestricted Funds.

When determining the appropriate level of reserves, the Trust Board considers:

- the risk of unforeseen emergency or unexpected need for funds;
- volatility in funding or income streams;
- planned strategic or capital commitments not funded from future income;
- the need to manage short-term cashflow deficits; and
- the full range of financial and operational risks identified through the Trust's risk management processes.

The Trust recognises that sector guidance suggest maintaining reserves equivalent to approximately **5% of annual operational income**. The Trust's longer-term objective is therefore to build reserves progressively towards this benchmark over time, subject to affordability and the financial pressures within the wider education system.

If reserves fall below the target level, the Trustees will review the causes and agree remedial measures, including prioritising recovery through the GAG Pool, adjusting planned expenditure, or other appropriate financial actions, as part of the annual strategic planning process, to ensure the Trust's financial stability and alignment with its objectives.