



Inspire Education Trust

Together we achieve, individually we grow

Reserves Policy

Policy Date: September 2024

Review Date: August 2025

Document History

Version	Status		Date	Author	Summary Changes
V1			Aug 21		
V2			Aug 22	MN	Annual review
V3			Sept 23	MN	Annual review – updated reference to ATH
V4			Oct 24	LWH	Annual review – updated reference to ATH

PURPOSE

The purpose of this reserves policy is to ensure that Inspire Education Trust maintains a level of financial reserves that provides a sustainable, stable financial position to meet its obligations as a Multi Academy Trust (MAT), in line with the requirements of the Academies Handbook 2024. This policy sets out the rationale for holding reserves, the level of reserves required, and the approach to managing and monitoring them.

LEGAL AND REGULATORY FRAMEWORK

This policy is compliant with the Academies Financial Handbook 2024, which requires that MATs:

- Demonstrate prudent management of financial resources to ensure the long-term sustainability of the Trust.
- Hold reserves commensurate with their needs, as determined by their risk profile, future plans, and potential liabilities.
- Regularly review and justify the level of reserves held, ensuring transparency to the Board of Trustees, ESFA, and other stakeholders.

DEFINITION OF RESERVES

Reserves are defined as the portion of the Trust's funds that are unrestricted, excluding any designated or restricted funds, and that can be used for general purposes, including covering operational costs, unexpected expenditure, and future investments.

There are two categories of reserves within the Trust:

- **Restricted Reserves:** These are funds received for specific purposes (e.g., government grants or capital funds) that must be used in accordance with the terms of the funding agreement.
- **Unrestricted Reserves:** These funds are generated through the Trust's own activities, including surpluses from general grants, fundraising, or other revenue, and can be used flexibly by the Trust in line with its objectives.

RATIONALE FOR HOLDING RESERVES

The Board of Trustees considers it prudent to hold reserves for the following reasons:

- To provide financial stability and safeguard against unforeseen or unavoidable events (e.g., emergencies, sudden changes in pupil numbers, or unexpected liabilities).
- To manage risks associated with future funding reductions or fluctuations in income.
- To support strategic investment in the Trust's development, including new academies or capital projects.
- To meet future liabilities, such as pension fund contributions or redundancy payments.

TARGET LEVEL OF RESERVES

The Trust aims to hold unrestricted reserves at a level that is appropriate for the size, complexity, and risk profile of the Trust. The Board of Trustees will set an annual target for reserves based on:

- An assessment of risks, including operational, financial, and strategic risks.
- Future funding expectations and planned expenditure.
- Contingency for unforeseen circumstances.
- The Trust's long-term financial plans, including planned capital projects.

As a guideline, the Trust aims to maintain a minimum of 6% of GAG held in general reserves. The specific reserve level will be reviewed annually by the Board of Directors, in line with the Trust's financial forecasts and strategic objectives.

USE OF RESERVES

The Trust's reserves may be drawn upon for:

- Covering temporary cash flow shortfalls.
- Emergency or unforeseen expenditure that cannot be met from other funding streams.
- Strategic investments that align with the Trust's objectives and long-term sustainability, such as new capital projects or acquisitions.

Any decision to use reserves must be approved by the Board of Directors and supported by a detailed plan outlining the intended use of the funds and the expected financial impact on the Trust's operations.

MONITORING AND REPORTING

The Head of Finance will monitor the level of reserves regularly and report to the Finance Committee and the Board of Directors on a regular basis. Reports will include:

- The current level of reserves compared to the target level.
- Any significant movements in reserves during the reporting period.
- Forecasts for the future level of reserves based on financial projections.

The Board of Directors will review this reserves policy annually as part of the Trust's overall financial strategy and ensure that it remains fit for purpose and compliant with the Academies Handbook 2024.

REVIEW OF POLICY

This policy will be reviewed annually by the Finance Committee and approved by the Board of Directors to ensure compliance with any updates to the Academies Handbook and to reflect the Trust's changing needs or financial circumstances.

Reviewed by:

Michelle Nisbet
Lois Whitehouse

September 2023
October 2024

Next Review Date:

August 2025

Approved by Directors:

14 October 2024

Signed:



Lois Whitehouse
CEO



Jane Durkin
Chair of Finance