West Norfolk Academies Trust

Reserves Policy

Reviewed by:	Finance Committee
Approved:	October 2026
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Introduction

Where reserves are held, it is a requirement of the charity accounting regulations that charity trustees must state their reserves policy in their annual report. Further details may be found in Accounting and Reporting by Charities: Statement of Recommended Practice 2015; commonly referred to as the Charity SORP. West Norfolk Academies Trust (WNAT), as an exempt charity, must comply with these regulations.

Guidance on reserve policies and their reporting requirements is contained in the ESFA annual Academies Accounts Direction.

Purpose

The purpose of the reserves policy for WNAT is to ensure the stability of the Academies' operations and to protect it so that it has the ability to adjust quickly to financial circumstances, such as large unplanned expenditure, cyclical maintenance and working capital requirements.

Whilst it is not mandatory to hold reserves, it is generally considered good business practice to do so. WNAT holds reserves in order to provide sufficient working capital to cover delays between spending and receipt of grant income, to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long-term sickness where unforeseen costs are incurred and to build up funding for planned future capital projects.

Types of reserves

Unrestricted funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Designated funds are part of unrestricted funds that have been set aside to be used for a particular future project or commitment. Although earmarked, a designated fund remains part of the unrestricted funds of the charity. This is because the designation does not legally restrict the trustees' discretion in how to apply the unrestricted funds that they have earmarked.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the ESFA.

Reserves Targets

The trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees expect to see the revenue budget for the coming financial year to be balanced within that year's income and only utilise any previous year's underspend in extreme circumstances in order to balance the budget. Reserves, from previous years underspend, may be utilised for infrastructure, academy improvement, where there is an unavoidable shortfall within a current year budget (for example significant maternity or long-term absence cover) or for urgent health and safety matters.

The minimum target for unrestricted reserves is equal to at least one month's average payroll costs. This level of reserves is intended to provide sufficient working capital to cover delays between spending and receipts of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The trustees have also identified the need for a separate designated reserve to be created to provide for future repairs and maintenance. Some of the Trust estate is in poor condition and the trustees wish to make prudent provision for costs likely to arise in future years.

The trustees will review the reserve levels annually. The review will encompass the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves.

Use of reserves

Identification of appropriate use of reserve funds

The trustees and Senior Management Team will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserve as described in this policy. This step requires analysis of the reason for any shortfall, the availability of any other sources of funds before using reserves and evaluation of the time period that the funds will be required and replenished.

Authorisation of use of reserves

Authorisation to use reserves of any kind will be made by the CEO up to the value of £50,000. Amounts above this will need to be approved by the Finance and general purposes Committee.

Reporting and monitoring

The trustees are responsible for ensuring that the funds are maintained and are used only as described in this policy. Upon approval for the use of the funds, the Chief Finance Officer will maintain a record of the use of the funds. The Finance, Risks & Audit Committee should regularly monitor the progress of the reserves.