

RESERVES POLICY



Policy Review					
Author/Owner	Position	Approved by:	Approval Date	Review Cycle Review Date	Published on Website Y/N
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Document Control – Revision History (Policies only)			
Author/Owner	Summary of Changes	Revision Date	Version
James Pill-Waring	Creation of the Policy	April 8 2025	1
James Pill-Waring	No updates	April 2026	1

Initial Equality Impact Screening			
Has anyone else been consulted on this policy and/or procedure?			
What evidence has been used for this impact screening (e.g. related policies, publications)?			
Declaration (please tick one statement and indicate any negative impacts)			
☒ I am satisfied that an initial screening has been carried out on this Policy and/or Procedure and a full Equality Impact Assessment is not required. There are no specific negative impacts on any of the Protected Characteristics groups.			
☐ I recommend that an Equality Impact Assessment is required by the Equality and Diversity group, as possible negative impacts have been identified for one or more of the Protected Characteristics groups as follows:			
☐ Age ☐ Disability ☐ Gender Reassignment ☐ Race ☐ Religion or belief ☐ Sex ☐ Sexual orientation ☐ Marriage & civil partnership ☐ Pregnancy & maternity			
Completed by:	James Pill-Waring	Position:	VP F & CS
		Date:	April 8 2025
Reviewed by Equality & Diversity Group: NO If Yes: Date:			
I confirm that any recommended amendments have been made			
Summary of Comments including Recommendations from Equality & Diversity Group Review:			
Amended by Author:		Position:	
		Date:	

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1. PURPOSE

- 1.1 The purpose of this policy is to set out the Corporation's requirements, definition and methodology for retained reserves to ensure that the College maintains sufficient cash to enable it to maintain operations and provide sufficient headroom to cover unforeseen/unplanned shortfalls in financial performance whilst corrective actions are being taken.
- 1.2 The Charities Commission for England and Wales expects that the governing board of a charity to set out and publish its policy for reserves and to monitor compliance. This is also a requirement as set out in the ESFA's recently published Colleges Financial Handbook which came into effect on 1 August 2024.
- 1.3 This policy is important with respect to the Corporations' legal duties to act in the interests of the College and its beneficiaries; ensure accountability and demonstrate reasonable care and skill.

2. DEFINITIONS

- 2.1 Reserves are part of the College's funds that are freely available to spend on any of the charity's purposes.
- 2.2 Reserves are held to make sufficient provision for potential future cashflow requirements and contingencies. These can include responding to unexpected emergencies, taking advantage of opportunities that may arise and (in extremis) preparing for closure scenarios and the unavoidable wind-up costs that might be associated in such a situation.
- 2.3 It is the view of the Corporation and the Accounting Officer that the most appropriate basis for determining the College's reserves policy is the level of unrestricted cash and investments net of capital grants received in advance and anticipated recoveries. This is calculated as demonstrated in the table below:

	£ '000
Current (Unrestricted) Investments	X
Unrestricted Cash / Cash Equivalents	X

Less: Capital Grants Received in Advance and Anticipated ASF Recoveries	(X)
Cash Reserves	X

- 2.4 The College will express and monitor its target for minimum cash reserves in terms of cash days in hand.

3. **RESPONSIBILITY & AUTHORITY**

- 3.1 The College will seek to achieve cash reserves at each month-end of at least 25 cash days in hand. This is regarded as a minimum threshold, noting that cash days in hand closer to 50 provides a more appropriate degree of headroom given the potential for unplanned factors to impact on the College's finances.
- 3.2 The reserves policy will be reviewed annually as part of the finalisation of the budget and financial plan.
- 3.3 Performance against the cash days in hand target will be reported in the monthly management accounts, budget reports and the annual financial statements.
- 3.4 The Corporation will be notified immediately in the event of any significant issue, variation or cause for concern where reserves are forecast to fall below the minimum of 25 cash days in order that corrective action can be taken.

4. **RELATED LEGISLATION, POLICIES & PROCEDURES**

- Financial regulations
- Financial procedures including Procurement Policy
- Risk Management Policy & Procedure
- College Financial Handbook
- Charities Statement of Recommended Practice (SORP) (FRS102)