Penryn College Reserves Policy
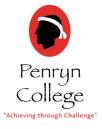
Approved by:	**Full Governing Body**
Date Approved:	**24th September 2025**
Reviewed:	**September 2025**
Responsible SLT member:	**Sally Price**
To be reviewed:	**23rd September 2026**

Statement of intent

Penryn College is committed to ensuring the safe and prudent management of the school finances to ensure the continuation of the school as a robust and compliant concern.

1. Purpose

Academies are expected to create reserves from the annual General Annual Grant (GAG) funding and other income. The policy of the school is to carry forward a prudent level of resources designed to contribute to;

- additional costs relating to longer-term staff absence and
- the long-term cyclical needs of estate maintenance, renewal and site development plans and
- any other unforeseen contingencies including sufficient funds to ensure salary obligations are met in the event of potential disruption to funding receipts

The reserves are subject to the constraint that the level of resources does not exceed the level permitted by the DfE.

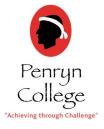## 2. Overall Reserves
The overall reserves will comprise;
    a) The general contingency reserves which are made up of:
- The undesignated unrestricted reserve
- The restricted GAG general fund (which can be used to cover elements of those contingencies which fall under the purposes permitted for use of GAG funding).

The targets and funding arrangements for each of these components are set out in the appendices. Reserves above or below target may be held in the short term if needed to smooth out budget surplus or deficit over a three-to-five-year budget cycle.

Trustees of Penryn College will review level of reserves on an annual basis. In doing so the trustees would then be able to increase/decrease reserves at a speed which is achievable, prudent and in the best interests of our school.

3. Scope
The School Business Manager, in conjunction with the Headteacher, is responsible for implementing the School's reserves policy. The reserves will be reviewed as at the end of the School's financial year as part of the process of preparing the annual accounts. The Appendices to this policy contain further information about each element of the reserves.

APPENDIX 1:

General Contingency Reserve

General contingency reserves might be needed:

- to give time to take action if income falls below expectations
- for planned commitments, or designations, that cannot be met by future income alone, e.g. plans for a major asset purchase or a significant project that requires the School to provide 'matched funding'
- the need to fund short-term deficits in a cash budget, e.g. money may need to be spent before a funding grant is received
- Therefore, the School will hold general contingency reserves which are made up of:
- The undesignated unrestricted reserve
- The restricted GAG general fund (which can be used to cover elements of those contingencies which fall under the purposes permitted for use of GAG funding).

Target reserves

Between 10% and 15% of annual income.

Annual income means the restricted income received over the last complete accounting year (or other annual income figure recommended by the auditors and agreed by the Governors' Staffing, Finance and Premises Committee).

Incoming resources:

The unrestricted undesignated reserve is the accumulation of unused and unallocated unrestricted income. The restricted GAG general fund is the accumulation of unused and unallocated GAG restricted general income.

Outgoing resources:

The funds should only be spent on items which are part of the agreed annual budget or which have been separately approved by the Trustees' Staffing, Finance and Premises Committee or by delegated authority to the Headteacher outside the budget process.

Procedure

The School Business Manager and the Trustees' Staffing, Finance and Premises Committee will take into account the need to build up or reduce the General Contingency Reserve when reviewing and approving the three-yearly budget and requests for additional spend each year.