BECKFOOT TRUST

RESERVES POLICY

V4

December 2025

CREATING REMARKABLE SCHOOLS

Table of Contents

1.0 Policy Statement 3
2.0 Scope and Purpose 3
3.0 Overarching Principles 3
3.1 Agreed Reserve Level 3
3.2 In Year Variances from Budget 3
3.3 Arrangements for Schools Transferring to or from the Trust 3
4.0 Responsibilities and Arrangements 4
4.1 Trustees 4
4.2 Determining the Reserve Policy 4
4.3 Internal Management of Reserves 4
4.4 Board Assurance 5
5.0 Review of Policy 5

1.0 Policy Statement

1.1 Our trust recognises that reserves play a critical role in ensuring the financial stability and sustainability of our schools and that they are an important tool for managing financial risks and uncertainties. Effective management of reserves requires a balance between the need to maintain sufficient levels of financial security, while also ensuring that funds are used effectively and efficiently to support the educational objectives of the trust.

2.0 Scope and Purpose

2.1 The purpose of this policy is to set out the principles and guidelines for the management of reserves within Beckfoot Trust. The policy outlines the objectives and considerations that underpin the trust's approach to reserves and provides guidance on how reserves are managed in practice.

2.2 This policy has been developed in accordance with the Academy Trust Handbook and considers the specific needs and circumstances of the trust and its schools. It reflects the trust's commitment to strong financial management and governance, and to the effective use of resources to support the education and well-being of its students.

3.0 Overarching Principles

3.1 Agreed Reserve Level

The revenue reserve level of the trust will be set at a minimum of 9%. Trust reserves are fully centralised to provide financial stability and to give Trustees the option to be agile with financial resource (within rules). Schools are expected to set a balanced budget and maintain a balanced break even in-year financial position. The reserve level was set by The Board in December 2025 and is next due for review in December 2026.

3.2 In Year Variances from Budget

Surplus Variance - where there is an in year surplus year end position, the surplus will be added to the centralised reserve.

Deficit Variance – Schools are expected to maintain a break-even position. Any deficit variance from budget requires approval via the usual scheme of delegation and must be covered by a business plan. A recovery plan or additional assurance measures may be required because of significant negative variances.

Utilisation of reserve – schools may put in a business case to utilise reserve that will be considered in line with the approved scheme of delegation

3.3 Arrangements for Schools Transferring to or from the Trust

Transferring to the trust - Should a school join the trust it is expected that due diligence will take place to understand and agree the net asset position of the school. Incoming reserves will be pooled as per the policy.

Transferring from the trust - Should a school leave the trust a school specific balance sheet would be drawn up at point of exit. In calculating this, all trust costs related to the exiting school, over and above that school's contribution to the central charge will be calculated and taken from the net asset figure, including but not limited to; capital central investment, additional specific staff support, central subsidy of cost and additional income allocations. The remaining net assets would be split evenly between the trust and the exiting school.

4.0 Responsibilities and Arrangements

4.1 Trustees

4.1.1 Trustees are responsible for ensuring that the trust has adequate financial resources to support its activities, manage its risks, and meet its long-term financial objectives. When setting the reserves policy Trustees consider:

- **Strategic Objectives:** The reserves policy must be aligned with the Trust's strategic objectives and ensuring it supports long-term financial sustainability.
- **Risk:** The reserves policy should reflect the risks faced by the MAT and should ensure that the MAT has adequate financial resources to manage those risks, as well as considering any external factors that could impact its revenue streams.
- **Current and Future Financial Position:** The Board consider the financial position and future needs of the trust when setting the reserves policy.

4.1.2 Trustees are responsible for monitoring and reviewing the trust reserves regularly to ensure that they remain appropriate and aligned with the financial objectives. This may involve adjusting the level of reserves in response to changes in either internal or external circumstances.

4.1.3 Trustees are also responsible for ensuring that the reserves policy complies with all relevant regulations and guidance.

4.2 Determining the Reserve Policy

4.2.1 Steps for determining the level of reserves held at trust Level

1. Understanding the nature of charitable funds held - considering restrictions and designations as well as the proportion of capital and revenue reserves.
2. Identification of functional assets - considering whether the Trust has the assets necessary to fulfil Its charitable purpose.
3. Understanding the financial impact of risk - linking risks to potential cost to ensure the trust is protected in the event of a risk materialising.
4. Reviewing sources of Income - considering the stability of Income across the trust Is a key factor in determining financial health.
5. Reviewing commitments and determining what level of reserves may be needed for operational future.
6. Agreeing a Reserve's Policy - taking all the factors considered in steps 1 to 5 trustees make an informed decision about the level of reserves that should be held. The Trustees will set the reserve policy for the whole trust.

4.3 Internal Management of Reserves

4.3.1 All schools within the trust are expected to maintain a balanced budget and in year forecast and should not operate in deficit without an approved business case to do so. This is critical to ensure the long-term financial sustainability of the trust, to support the delivery of remarkable schools where no child is left behind, and to provide adequate financial resources to support trust activities and manage risks.

4.3.2 Schools that are not effectively managing their budget or that are in the stabilisation phase of their school improvement journey, will receive additional support to provide assurance to The Board regarding the financial security of the school and trust. This means additional controls may be put in place including additional approval of spend, enhanced focus on curriculum led financial planning,

approval of staffing, additional benchmarking, reviews of areas of risk, centralisation of reserves or other measures deemed appropriate to the situation.

4.4 Board Assurance

The different levels of Board assurance determine what additional controls may be required, the key criteria for each section are listed below. The assurance level and additional controls will be individual to each school and agreed annually with the Board.

Board Assurance	Definition
High (Red)	• School classed as high financial risk based on outturn, forecast figures and control risk. • School may be in any phase of school improvement journey.
Medium (Amber)	• School classed as medium or high financial risk based on outturn, forecast figures and control risk. • School may be in any phase of school improvement journey.
Low (Green)	• School classed as low financial risk based on outturn, forecast figures and control risk. • School in the re-inventing, embedding or leading phase of its school improvement journey as defined in the One Trust Contract.

5.0 Review of Policy

This policy is reviewed at least annually although may be reviewed in response to either an external or internal change in circumstances.