St Cyprian's Greek Orthodox Primary Academy

ΠΑΝΤΑ ΙΣΧΥΩ ΕΝ ΤΩ ΕΝΔΥΝΑΜΟΥΝΤΙ ΜΕ ΧΡΙΣΤΩ ΙΝΑ ΑΡΙΣΤΕΥΩ

I AM STRONG THROUGH JESUS CHRIST

TO THE BEST THAT I CAN BE

RESERVES POLICY

Revised: July 2026

Reviewed and ratified by Full Governing Body:

Date: 15th JULY 2026

Signed:

Name: PETER TRAGOULIAS

Position: Chair of Finance Audit & Risk Committee

Date of next review: July 2027

Mission Statement

The aim of St. Cyprian's Greek Orthodox Academy is to provide its children with a primary education of the highest quality in a supportive learning environment, through the National Curriculum in the core subjects, enriched by the progressive learning of the Greek Language, culture and Christian Orthodox religion. The children of St Cyprian's Greek Orthodox School will be equipped with the knowledge, skills and spirituality to enable them to achieve their full potential and to prepare them to contribute positively to the challenges of a diverse multi-cultural society.

Introduction

The school is aware of the need to secure its financial viability beyond the immediate future and must be able to absorb setbacks and to take advantage of change and opportunity.

The school is funded by the Education Funding Agency (ESFA) through the General Annual Grant (GAG) and other grants and, although subject to formula fluctuations, is guaranteed to be received. Against this background it is considered good practice for the school to seek to build some financial reserves which will allow us to meet future commitments or unforeseen expenses without a negative impact on our ability to deliver the education standards we strive to provide to all students or develop the school site and infrastructure in the manner planned.

Schools will find their decision to hold reserves is subject to scrutiny or comment in the public arena. Documentation, in the form of a Reserves Policy, provides stakeholders and the general public with a clear explanation of the nature and purpose of any reserves held.

To justify the holding of reserves, a Reserve Policy should be based on a realistic assessment of need and should cover as a minimum:

- the reasons why the school needs a reserve or does not
- what level (or range) of reserves the school believes it needs
- what steps the school is going to take to establish or maintain reserves at the agreed level (or range)

Definition of Reserves

For the purposes of this policy the term "reserves" is applied to that part of the school's income that is freely available for its general purposes. Reserves are the resources the school has or can make available to spend for any or all of its purposes once it has met its commitments and covered its other planned expenditure. This definition excludes unspent money from restricted grants as below:

- Devolved Formula Capital
- Capital Grant Bids i.e. Academies Capital Maintenance Fund
- Restricted income funds i.e. Pupil Premium
- Designated income funds i.e. Bursary Fund

Reserves should therefore generally only include:

- Unrestricted funds – General

Definition of Reserves

This is money that can be spent on anything which furthers the objectives of the school. Often this is money that has been generated through the sale of services or expertise or public fundraising and/or donations.

- GAG Restricted Funds

The vast majority of costs incurred by academies will be funded through government grants (either revenue or capital). There are no limits on the amount of General Annual Grant (GAG) funds that can be carried forward and these funds can be utilised on the

majority of academy costs in future years.

The Reserves Policy
As separate legal entities, the governors have the responsibility to manage the assets of the school. Setting a reserves policy is a central part of managing the school's finances and safeguarding the school's assets. It is true that governors must consider both the needs of today's pupils as well as the future of the school when setting a reserves policy. Holding back excessive funds for a rainy day may damage the education of the current pupils. Conversely, fully spending all of the current funds leaving no money for investment in the future of the school can damage the education of tomorrow's pupils.

The policy should be informed by an analysis of the budgetary process, the strategic and operational plans (i.e. School Development Plan) and the risk management process and will include the following:

- forecasts for levels of income in future years, taking into account the reliability of each source of income and the prospects for opening up new sources
- forecasts for expenditure in future years on the basis of planned activity
- analysis of any future development needs and opportunities that could not be met out of annual income
- assessment, on the best evidence reasonably available, of the financial implications of mitigating

Setting a Reserve Level
There is no absolute level of free reserves that the school should hold but, generally, as this is allocated for unforeseen liabilities, it should normally be restricted to 1% of GAG funding. The ESFA provides regular remittances to academies and a large proportion of income and expenditure is predictable. This reduces, but does not eliminate the need to hold reserves for working capital, cash flow and uncertainties.

The amount allocated to designated reserves will be project dependant but might include the following:

- Property maintenance not covered by annual funding (i.e. assessed need condition work)
- Planned/committed property development
- Planned replacement of high value fixed assets i.e. minibuses and photocopiers
- Development of ICT infrastructure i.e. servers

Maintaining and monitoring reserves
It is important to monitor the reserves actually held to establish the reason for any significant difference with the target level set. If reserves during the year are below target or exceed target, governors should consider whether this is due to a short-term situation or a longer-term issue. Action may be needed to replenish or spend reserves.

The governor's monitoring of reserves should not just be a year-end procedure. How the level of reserves changes during the year can be a good indicator of the underlying financial health of the school and can be an indicator of potential problems. The level of reserves should be monitored throughout the year as part of the normal monitoring and budgetary reporting processes.

In particular, the governors should:

- identify when reserves are drawn on so that they understand the reasons and can consider the corrective action, if any, that needs to be taken
- regard the on-going review of the reserves level, target and policy as part of the financial management of the school

 ensure that the reserves policy continues to be relevant as the school develops or changes its strategy and activities
 review the statement on reserves in the annual report where there have been significant changes in the reserves policy or level of reserves held.

Reserves – Disclosure
The school's annual report should state the level of reserves on the last day of the financial year and the future needs, opportunities, contingencies and risks relevant to the level of reserves.

The Charities SORP requires governors to include in their annual report:

 a statement of their policy on reserves
Reserves Policy
 the level of reserves held and an explanation of why they are held
 where material funds have been designated, the amount and the purpose of the designation should be explained
 where designated funds are set aside for future expenditure, the likely timing of that Expenditure