



RESERVES POLICY

Date of approval by the Trust Board	15 October 2025
Review cycle	Annual

1. Maintaining an appropriate level of financial reserves is considered essential in protecting Alternative Learning Trust ('the Trust') from financial risk generated by, for example:
 - income reduction due to government funding changes
 - unexpected falls in student numbers/sudden reduced commissioned places
 - cash flow issues due to delays in receipt of funding
 - emergencies
2. In general, it is considered prudent to maintain a level of useable reserves sufficient to cover unexpected and unplanned events so that the Trust's primary objective is preserved. At the same time, the Trust wishes to ensure that it uses its funding to benefit the students in its care which implies an imperative to consider actively the use of reserves to enhance educational provision.
3. Trustees will monitor levels of reserves in financial reports provided by the Trust's Chief Finance Officer and in the annual financial statement prepared by the auditor. Trustees will look to ensure that a prudent level of reserves is maintained, bearing in mind the recurrent spending needs to ensure high quality provision. In deciding the level of reserves, Trustees will take into account the following:
 - one/two month salary bill (always maintaining one month's salary).
 - the Trust's annual budget
 - the need for any large project spend such as facilities' development or building condition needs
 - any uncertainty, turbulence or expected reduction in funding arrangements, including the level of transitional protection within the Trust funding and its expiry date
 - anticipated funding over the next three years
 - a contingency reserve of the overall Trust budget will be held by the Trust; however, this fund will only be drawn upon once individual schools' reserves have been depleted
4. This policy will be reviewed annually by the Audit, Risk and Finance Committee, prior to approval by the Trust Board.
5. The Trust will maintain a register of reserves per school and consider how these reserves can be used for planned strategic improvements, capital projects, or mitigating potential risk. This register will be regularly reviewed

Person responsible for updating this policy:

Chief Executive Officer