Woodside Academy

Reserves Policy 2026

PURPOSE

The level of reserves is sufficient to ensure stability of the Academy's operations and to enable the Academy to adjust quickly to financial circumstances such as unexpected and unplanned events, cyclical maintenance and working capital requirements.

PRINCIPLES

The Academy aims to use its funding to the full benefit of our current students. At the same time the Academy considers it prudent to maintain an appropriate level of financial reserves, essential in protecting the Academy from financial risk. Reserves are also maintained for long-term capital projects that enhance the educational provision. This policy takes into account the following principles:

- Reserves must have a specific purpose related to future spending, or covering current and future risks
- The size of the reserves should balance the benefit of current spending with the risks the reserves cover
- They should be transparent and maintain the link with the purposes for which the income was given
- They should ensure that sufficient resources are available so that unexpected events can be accommodated without causing current year problems, e.g. generating a deficit or cash flow issues

TYPE of RESERVES

- Restricted Reserves – Built up from unspent funds given for a specific purpose.
- Unrestricted Reserves – Unspent income/grants not specifically identified for other purposes. The Trust can spend these reserves as they see fit.
- Specific Capital Reserves – established to fund capital expenditure and other investments that would not be affordable if financed from a single year's funding.

GUIDELINES

Trustees are accountable for monitoring the levels of reserves in financial reports provided by the Chief Financial Officer (CFO) 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:

- any uncertainty, turbulence or expected reduction in funding arrangements, including the level of transitional protection within the Academy funding and its expiry date
- anticipated funding over the next three years.
- the need for any large project spends such as facilities development or building condition needs

RESTRICTIONS
The rules established by the DfE in relation to Reserves is set out in the Academies Trust Handbook and Academy Accounts Direction. Although the ESFA are able to set limits on the sum of GAG that can be carried forward from one year to the next, there are no limits currently in place.

The ESFA does expect Trusts to use their allocated funding for the full benefit of their current pupils and therefore, the Trust will not build up a substantial surplus without having in place a clear plan for how it will be used to benefit our pupils.

RESERVES LEVEL
Total funds held at last balance sheet date (31.08.2026): **£280,089**

Restricted Funds: £62,204
Unrestricted Funds: £217,885

Current C/F Reserves = **8.6%**

Based on the guidelines, the Trustees have determined that the Trust will aim to maintain the Unrestricted Reserves at an absolute minimum of £163k (5% of 2025-26 GAG (£3,260,661)) and an upper 'target' equivalent of £652k (20% of 2025-26 GAG).

USE OF RESERVES
The Trustees are responsible for ensuring that reserves are maintained at the appropriate level and are used only as described in this policy. Access to reserves requires analysis of the reason for any shortfall, the availability of any other sources of funds before using reserves, and evaluation of the time period that the funds will be required. Authorisation to use reserves should be made at the next available Committee meeting.

This policy will be reviewed annually.

Approved date: March 2026
(Finance, Audit & Risk Committee under delegated powers of the Trustee Board)

Review date: March 2027