

## GLC Reserves Policy

This Policy was ratified by the GLC Board	Autumn Term 2025
This policy will be reviewed on	Autumn Term 2027
This Policy will be reviewed by :	GLC Finance Committee

### GLC Mission Statement

The GLC's mission is to develop active and thriving citizens within a diverse, truly fair and equal community.

This will be achieved through:

- High quality teaching that deliberately develops competencies of curiosity, creativity, communication and critical-thinking;
- An inspiring and meaningful curriculum;
- The development of productive relationships by instilling the values of compassion, resilience, responsibility and aspiration to prepare our young people for learning and life;
- A commitment to the wellbeing of our staff;
- A culture of professional generosity, collaboration, challenge and support throughout the GLC;
- The development of effective external partnerships for the benefit and wellbeing of our community.

### Equalities Statement

The GLC's commitment to equality is enshrined in our mission statement to develop 'active and thriving citizens within a diverse, truly fair and equal community'.

We are a vibrant, innovative and successful organisation: we work hard to be the place of choice to work and to learn. Across the 5 academies of the GLC, we pledge that everyone enjoys an equality of opportunity. We work tirelessly to ensure that individual characteristics including age, ethnicity, socio-economic background, academic ability, disability, gender, religious beliefs, sexual orientation are not discriminated against in any way. We create inclusive environments characterised by mutual respect where difference is celebrated.

## **1. Introduction**

The GLC is a multi-academy trust with charitable status acting in the public interest. The GLC takes full responsibility for its financial affairs aiming to deploy its resources to maximise the outcomes for pupils.

The directors have a responsibility to manage the assets of the Trust. Setting a reserves policy is a central part of managing the GLC's finances and safeguarding its future. The development of an effective reserves policy will restrict the impact of any risk upon the continuing operations of the GLC.

The policy takes account of the Academies Financial Handbook.

## **2. Reserves**

Reserves are the cash balances available at the end of the financial year. These balances can be for restricted or unrestricted purposes depending on their source.

### **2.1 Unrestricted Reserves**

Unrestricted reserves are derived from income funds, grants or donations that can be spent at the discretion of the directors in furtherance of any of the GLC's objectives.

If part of an unrestricted income fund is earmarked for a project, it may be 'designated' as a separate fund. However, the designation has an administrative purpose only and does not legally restrict the directors' discretion to spend the fund. Unrestricted reserves will be achieved through operational efficiencies and any trading activities undertaken by the GLC.

### **2.2 Restricted Reserves**

Restricted reserves are mainly derived from government grant funding through the DfE but may also include other grants or donations. Restricted reserves must be used in accordance with the limitations outlined in the original funding [in the case of DfE funding, this is as detailed in the academy's funding agreement].

If any income is restricted to a particular area of expenditure, then the GLC must put procedures in place to monitor its use and ensure compliance with any donor restrictions.

### **2.3 Pension Reserves**

Pension reserves represent the GLC's share of assets in relation to the Local Government Pension Scheme. For most Trusts, this will be a negative reserve as the schemes are largely in deficit. This figure, although worked out by the local authority's actuaries is a notional figure and should not be included when assessing the level of free reserves, as the debt is unlikely to crystallise. Pension reserves relate only to the Local Government Pension Fund as Teachers Pensions are underwritten by the government.

## **3. Reserves contributions**

The GLC Directors have agreed that each academy within the GLC will retain 3% of its gross income which will be held in the GLC reserve. This allows for the majority of funds to be available for the benefit of current pupils.

Additional funds may be retained for strategic development such as new infrastructure or major spending on IT. These will be set out in the finance monitoring information presented each term to the GLC Finance Committee.

The GLC is largely funded by grants from the DfE, the use of which is regulated by its Funding Agreement. The GLC expects to use funding received from the DfE in the accounting year for which it is given, with the following exceptions.

GLC Central Fund.

For the Trust to be able to fulfil its obligations to its existing academies and assist those in a deficit situation as well as plan for future activities, it is essential to carry a central fund. A deduction [top-slice] will therefore be made annually from the grant for each academy. The level of the annual deduction will be set out in the GLC Governance Terms of Reference.

- Sinking funds.  
The GLC will consider, as part of the 5 year site maintenance plan, whether there are specific assets in academies which have a limited useful life, and build a sinking fund to replace them. An example of this would be all weather sports pitches. The annual contribution towards these funds should be assessed each year depending on the condition and replacement value of the asset and approved by the GLC Finance Committee.
- Specific Capital Projects;  
Where academies have identified the need to invest in specific capital projects they may set aside funds to do so. This must be approved by the GLC Finance Committee as part of the annual budget process. It should be noted that the above contributions are over and above the annual GLC Top Slice which will always take precedence over any contribution to reserves.
- Reserves levels  
All reserves sit at Trust level but can be designated as described above. Reserves will be expended at the discretion of Directors in accordance with approved Business Plans.  
It is the policy of the GLC that at no time will the level of total reserves fall below the equivalent of the total Trust payroll for one month.

The GLC Finance Committee needs to consider what an appropriate level of reserves should be to minimise the risk of entering a deficit position following unforeseen circumstances as part of the annual budget setting process.

It is not anticipated that the annual budget should show a large surplus of funds. Irrespective of the carry forward calculation it is not deemed responsible to try and build up significant reserves unless there is a project that requires savings to fund over many years. Whilst prudence dictates that a reserve is required, funding has been granted for the provision of education to existing pupils.

#### **4. Academies in deficit**

Where an academy has no alternative but to set an in-year deficit budget, it may not be able to contribute to any or all its commitments as detailed in para 3. The GLC Finance Committee will consider the specific circumstances leading to a deficit position at the time the budget is submitted for approval.

Approval of an in-year deficit budget lasting no more than one financial year, will only be granted if the academy demonstrates it has a plan to eradicate this deficit within an acceptable time.

An academy with an overall deficit position will need to draw on the GLC's central reserves to finance this deficit. The GLC therefore expects the academy to repay this amount into central reserve over an agreed period not exceeding 5 years, unless agreed otherwise by the GLC Finance Committee.

If an academy is planning to run a deficit for more than 1 year, this would need to be approved by the GLC Finance Committee and be re-approved on an annual basis as required. Regular meetings to review the on-going financial situation will take place between the academy and the Director of Finance and HR.

#### **6. Expenditure against academy reserves balances**

Expenditure that draws on reserves is subject to the same purchasing authority levels as contained within the GLC Finance Policy and Scheme of Delegation.

#### **7. Expenditure against central reserve Balances**

Expenditure against the central reserve can only be incurred with the approval of the CEO. Save in exceptional circumstances, all expenditure against the central reserve that is devoted to individual academies cashflow/deficit purposes will be subject to repayment over an agreed period of between 1 year and a maximum of 5 years.

#### **8. Banking**

It is a requirement that all cash reserves are recorded on the GLC's accounting system and administered by GLC staff. All accounts should be subject to regular reconciliation in accordance with the GLC's finance regulations.