Charlton Park Academy
Reserves Policy

The purpose of the Reserves and Investment Policy is to ensure the stability of the Academy's organisational operations, so that it can adjust quickly to changes in financial circumstances, such as large unbudgeted expenditure, cyclical maintenance and working capital. The Trust aims to invest surplus cash funds to optimise returns but ensuring the investment instrument are such that there is low risk to the loss of these cash funds.

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, match off top up income with known staffing commitments, significant capital expenditure identified with condition surveys, essential and desirable works and required reserves. Governors have determined that the appropriate level of 'free' reserves should be equivalent to three months staffing expenditure, approximately £1.7m to allow for suitable contingencies to be held, outside of our ringfenced capital expenditure which is drawn down and implemented within two years. Planned capital works need significant allocations from reserves and therefore reserve levels may appear high. However, urgent planned infrastructure needs, given aging infrastructure is not covered by grant income.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) will support expansion, increase management capacity, provide for the necessary capital improvements, with sufficient resources to support expansion of specialist service, enhance teaching and learning facilities, improving energy efficiency utilising solar generation and ventilation.

Investment Policy - Under the Memorandum and Articles of Association, the Academy has the power to invest funds not immediately required for its own purposes, in any way the Governors see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis

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