

Somerset Road Education Trust Reserve and Investment Policies

Version and Date		Action/Notes
1.0	01/16	Ratified by SRET Directors Author Gavin Walker

Reserves Policy

Establishing reserves that protect the operation of the Trust and contribute to its smooth running is good practice and forms part of the Trust’s overall financial control and governance framework. More specifically, free reserves are to be held to provide for known risks and unexpected or unpredictable needs, and for future capital plans.

The Trustees review the reserve levels of the Academy annually at the time of the budgeting process, and monitor them through the year. The annual review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Trust, the uncertainty over future income streams and any key risks identified during the risk review.

The Trustees have agreed that over the next five years the Trust will move towards holding 8% of annual expenditure in unrestricted free reserves against known risks and unknown or unpredictable needs

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the academy Trust.

Investment Policy

Currently the Trust does not hold sufficient reserves to invest in anything other than short term deposits.

This will be reviewed yearly by the SRET Finance Committee

Policy Written: January 2016	April 2016
Next Review: April 2017	April 2017
Signature of Chair of Directors:	Signature of Head teacher: Wyndham Park..... Exeter House..... St Mark's.....

