





POLICY

Document Title	Reserves Policy
Version	Version 1.1
Equality Impact Assessment Status	Complete
Consulted with	Executive Team
Signature of Principal / Chief Executive Officer	
Signature of Lead Executive Team Member	
Date approved	15 July 2025
Effective date	16 July 2025
Date of next review	31 July 2027
Lead responsibility	Vice Principal Finance and Resources

1. Purpose

- 1.1. This policy outlines the Corporation's approach to defining, calculating, and maintaining retained reserves. Its aim is to ensure the College holds sufficient cash to support ongoing operations and provide a financial buffer against unforeseen or unplanned shortfalls while corrective actions are implemented.
- 1.2. In accordance with expectations from the Charities Commission for England and Wales, and requirements set out in the DfE College Financial Handbook, the Corporation must establish, publish, and monitor a reserves policy.
- 1.3. This policy supports the Corporation's legal responsibilities to:
- Act in the best interests of the College and its beneficiaries,
 - Safeguard the College's assets,
 - Ensure accountability, and
 - Demonstrate reasonable care and skill in financial management.

2. Definitions

- 2.1. Reserves refer to the portion of the College's funds that are freely available to be used for any of its charitable purposes.
- 2.2. Reserves are maintained to ensure there is sufficient provision for potential future cashflow requirements and contingencies. These can include responding to unexpected emergencies, taking advantage of opportunities that may arise and (in extremis) preparing for closure scenarios and the unavoidable wind-up costs that might be associated in such a situation.
- 2.3. The Corporation and the Accounting Officer define reserves as unrestricted cash and investments, net of capital grants received in advance and anticipated recoveries. This is calculated as demonstrated in the table below:

	£'000
Current (unrestricted) investments	x
Unrestricted cash / cash equivalents	x
Less: Capital grants received in advance and anticipated recoveries	(x)
Cash Reserves	X

- 2.4. The College will express and monitor its target for minimum cash reserves in terms of cash days in hand.

3. Policy Statement

- 3.1. The College aims to maintain a minimum of 25 cash days in hand at each month end, while aiming for a target of 40 days in line with the FE Commissioner benchmark. The target of 40 days is considered to be the level required to achieve resilient financial health.
- 3.2. This policy will be reviewed at least every two years to ensure continued relevance and effectiveness.

4. Reporting Framework

- 4.1. Performance against the reserves target will be reported in the monthly management accounts and in the annual financial statements.
- 4.2. The Corporation will be promptly informed of any significant issues or deviations where reserves are forecast

to fall below the 25-day threshold, enabling timely corrective action.

5. Relevant Legislation / Regulation

5.1 The following legislation and regulations apply to this policy:

- DfE College Financial Handbook
- Charities Statement of Recommended Practice (SORP) (FRS102)

6 Related Documents

6.1 The following related documents are relevant to this policy:

- College Financial Regulations
- Risk Management Policy
- Treasury Management Policy
- Annual Financial Statements
- Management Accounts

7. Accountability

7.1 The Vice Principal Finance and Resources is responsible for the drafting and implementation of this policy. They are also responsible for ensuring that this document is regularly reviewed and updated.

8. Equality & Diversity

8.1 The College has paid due regard to equality considerations during the preparation and implementation of this Policy.

8.2 These considerations included the potential for any differential negative effect on the grounds of age, disability, gender reassignment, pregnancy and maternity, race (including ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex, sexual orientation, marriage, or civil partnership.

8.3 The College's judgement is that there is no such negative effect on those grounds and, consequently, no potential breach of the Equality Act 2010.

8.4 The operation of this Policy will be monitored by the Director of Human Resources in order to establish that no unlawful discrimination is taking place and to identify opportunities for the College to enhance equality of opportunity and fair treatment.

9. Review

9.1 This document will be reviewed at least every two years.

9.2 The Vice Principal Finance and Resources will undertake this review, considering the outcomes of the monitoring process, legislative changes, and developments in good practice.

9.3 The outcome of the review will be reported to the Executive Team.

10. Document Identification

Category [select ONE only]	<input checked="" type="checkbox"/> Programmes/courses <input type="checkbox"/> Partnerships <input type="checkbox"/> Finance <input type="checkbox"/> Quality <input type="checkbox"/> Governance <input type="checkbox"/> Health and safety <input type="checkbox"/> Facilities <input type="checkbox"/> Computer Services <input type="checkbox"/> MIS <input type="checkbox"/> Admissions <input type="checkbox"/> Teaching and learning <input type="checkbox"/> Personnel
Audience [select ALL that apply]	<input checked="" type="checkbox"/> Employees <input checked="" type="checkbox"/> Learners <input type="checkbox"/> Partners <input type="checkbox"/> Suppliers

EQUALITY IMPACT ASSESSMENT

This form must be completed when drafting a new policy/procedure or amending an existing policy/procedure. It should be completed at the earliest opportunity so any issues can be resolved/mitigated in advance.

POLICY / PROCEDURE DETAILS

Name of policy / procedure:	Reserves Policy
Version:	1.1
Date of latest version:	2 June 2025
Manager responsible:	Vice Principal Finance and Resources
Others involved in this EIA:	

ASSESSMENT

What evidence have you used? (This could be internal data, surveys, complaints/grievances or other external quantitative or qualitative research)	DfE College Financial Handbook. Charities SORP. Examples reserves policies and templates.		
Who have you engaged / consulted with? (This could be individuals, groups, networks or organisations)	Executive Team		
For each protected characteristic, does the evidence show that the policy/procedure...	does not inadvertently disadvantage or discriminate against staff, learners or service users?	actively explores opportunity and fosters good relations between people of different protected groups and backgrounds?	Where 'no' is checked, or concerns have been identified detail them here:
Age (including older and younger people)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Disability (including those with physical disabilities, unseen disabilities and mental health issues)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Sex (both men and women)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Gender reassignment or Gender identity (including trans staff and students who have transitioned, are considering transitioning or are in the process of transitioning from one gender to another, and also non-binary staff and students who do not identify with, or reject gender labels)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	

Marriage and Civil Partnership	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Pregnancy / Maternity (including breastfeeding mothers)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Race and Ethnicity (including nationality, colour, native language, culture and geographic origin)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Religion and belief (including those with no religion or belief)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Sexual orientation (including, but not limited to, gay, lesbian, bisexual, queer and straight staff and learners)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Intersectionality (although not a protected characteristic itself it's important to consider how characteristics intersect)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	

ACTION PLANNING

Issue Identified	Planned or completed remedial action	Person responsible and timeframe

MONITORING AND REVIEW

How will the impact of your policy and procedure be monitored and reviewed once agreed?

Reserves levels will be continuously monitored during the year using the management accounts.

AUTHORISATION

Signature		Date
Manager responsible:	Tina Hannant	2 June 2025
EIA Panel:		
EIA Committee's Comments if applicable:		