# The Park Federation Academy Trust

# Reserves Policy 2026

## Version History

| Version | Date | Status and Purpose | Changes overview |
|---|---|---|---|
| 1 | 01st May 2026 | Draft for FOC comment | |
| 2 | 08th May 2026 | Following comments by the FOC Chair and Head of Finance | Section 2, 2.5 and 5 |
| 3 | 11th May 2026 | Following comments by FOC | Highlights in yellow |
| 4 | 04 July 2026 | Final | |

### Approval History

### Chief Executive Officer approved this policy on behalf of the Board of Directors:

Helen Abelll

**Helen Abell CEO**

**Approved on 04th July 2026**

**Next review: July 2027**

### Notes on Document Control

This document is the property of The Park Federation Academy Trust and its contents are confidential. It must not be reproduced, loaned or passed to a 3rd party without the permission of the authoriser.

It is controlled within the Park Federation Academy Trust Admin Server where the electronic master is held and can be accessed on a read only basis, subject to security permissions.

Users of the document are responsible for ensuring that they are working with the current version.

Paper or electronic copies may be taken for remote working etc. However, all paper copies or electronic copies not held within the Admin Server are uncontrolled.
Hence the footer 'DOCUMENT UNCONTROLLED WHEN PRINTED' which must not be changed.

Once issued, as a minimum this document shall be reviewed on an annual basis by the originating team/function. Any amendments shall be identified by a vertical line adjacent to the right-hand margin.

To enable continuous improvement, all readers encouraged to notify the author of errors, omissions and any other form of feedback.

## Contents

1. Aims and introduction ..... 3
2. Management of reserves ..... 4
3. Reserves level ..... 5
4. Use of reserves ..... 6
5. Reporting and transparency ..... 7
6. Policy review ..... 7
7. Links with other policies ..... 7

---

# 1. Aims and introduction

The Park Federation Academy Trust is responsible for the effective and efficient use of resources. This statutory policy sets out our approach to the management of financial reserves.

The aim of this policy is to ensure that the trust maintains appropriate levels of reserves to support its financial stability, to:

- Meet the needs of its pupils, its educational objectives and long-term sustainability
- Give confidence to the public, stakeholders and regulators that the trust's finances are being properly managed
- Provide accountability for the trust's use of public funds
- Provide an indicator of future funding needs and overall financial resilience

This policy is in line with the following guidance:

- Department for Education (DfE): Academy Trust Handbook and Academy trust reserves guidance
- Charity Commission: Charity Reserves: Building Resilience
- Charity Commission: Charities Statement of Recommended Practice (SORP)

The policy applies to all academies within The Park Federation Academy Trust.

## 1.1 Definitions

Reserves are defined as the part of the trust's unrestricted income fund that is freely available to spend on any of the trust's purposes, often referred to as 'free reserves'. They represent the funds available to the trust once all liabilities have been met, including unspent funds from previous years. Reserves are freely available to spend on the trust's purposes, as follows:

**Restricted funds:**

- Funds received for a specific purpose (for example, capital grants), which can't be used for general expenditure and are not included in reserves

**Reserves:**

- Funds that can be used at the discretion of the trust board who have delegated authority to the Finance and Operations Committee (FOC), to support The Park Federation Academy trust's charitable objects
- Unspent General Annual Grant (GAG)

### 1.2 Purpose of reserves

Reserves are held to:

- Provide financial stability and ensure the trust can operate effectively in times of unforeseen difficulty
- Manage the financial impact of fluctuating pupil numbers
- Cover short-term funding deficits, for example where funds may need to be spent prior to receipt of grant funding
- Support strategic investment in educational improvement and infrastructure
- Prepare for commitments, such as major asset purchases, which cannot be met by future income alone
- Comply with obligations set by the DfE and the Charities Commission

## 2. Management of reserves

Following recommendations from the FOC, the board of Directors have considered the purpose of the trust holding reserves and how much should be held to meet those purposes.

Any surplus generated by an individual academy is retained by the academy. This approach allows The Park Federation Academy Trust to use its financial resources to respond flexibly to capital projects or unexpected costs. The FOC retains the ability, to redistribute funds to academies in need.

The Park Federation Academy Trust recognises academy level reserves alongside a central reserve. This approach combines the benefits of strategic oversight with local financial flexibility. The proportion of reserves held across the Trust is typically within the 5-17% range.

### 2.1 Reserves on joining the trust

When a school joins The Park Federation Academy Trust, a due diligence process will be undertaken to determine the financial position of the converting school.

All reserves held by the school, whether in a bank account or within a local authority, will be transferred to the trust. This includes both revenue and capital balances.

The trust will ensure that any restricted funds are used for the purpose for which they were originally intended.

The trust will work collaboratively with the joining school to ensure a smooth and transparent transfer of all financial assets and liabilities.

### 2.2 Reserves on leaving the Trust

In the event that an academy transfers to another trust, the academy's reserves will be managed in accordance with the trust's legal obligations under the Master Funding Agreement and supplemental agreements.

## 3. Reserves level

### 3.1 Calculation of reserves

The following are excluded from reserves:

- Tangible fixed assets such as land and buildings
- Programme-related investments held solely to further the trust's purposes
- Designated funds set aside for a specific purpose
- Other restricted funds where the donor or grantor has specified the purpose to which the grant or donation may be applied
- Commitments that have not been provided for as a liability in the accounts

The Directors have considered the following in determining the minimum level of reserves for The Park Federation Academy Trust:

- Income and expenditure forecasts for current and future years
- Analysis of any future needs, opportunities, commitments or risks, where future income may fall short of anticipated costs
- An assessment of the likelihood of a future funding shortfall and the reserves required to mitigate this risk

### 3.2 Level of reserves

The Park Federation Academy Trust recognises that holding excessive reserves could be seen as inefficient use of public funds and therefore aims to strike a balance between financial prudence and effective use of resources.

The Directors have determined subject to the Department for Education's constraints on permitted balances, the Trusts' policy is to carry forward a prudent level of resources. The Trust aims for a 5% - 17% reserve of total cash balances across each academy. It believes this is a prudent figure for a number of reasons, including the structural age of buildings, age of heating systems, capital investment and sustainability plans, pension liabilities and MAT expansion plans.

The FOC has considered in line with DfE guidance, the holding of too high a level of reserves which has been defined, in discussion with the National Audit Office and the Public Accounts Committee, as 20% of income or above. We are mindful that as a Trust we would only choose to hold a high level of reserves because of specific needs – for example, upcoming contributions to projects.

### 3.3 Monitoring and review

The board of Directors will regularly review this target level, identifying any trends in spending, to ensure it remains appropriate and to rectify any concerns. The trust will take into consideration:

- The size of the trust
- The circumstances/complexity of each of the trust's academy's
- Known and potential risks (for example, pupil number fluctuations, changes to funding)
- Future plans, including anticipated capital expenditure and projects
- Financial forecasts and projected income/expenditure

Reserves will be reviewed by the FOC at each of its four meetings and the level of reserves will be shared through Governor Hub by the Head of Finance.

The Chair of the FOC will inform the full board of Directors at the July meeting as part of the budget setting and financial planning process on the level of reserves held.

This detailed review will include:

- An assessment of current reserves against the level agreed
- An analysis of the reasons for any significant difference
- A forecast of future reserve levels
- Consideration of any new risks or opportunities that may impact reserves
- Recommendations for designation or release of funds

Where reserves are below target or exceed target, the board of trustees will consider whether this is due to a short-term situation or a longer-term issue. A broader review of finances and reserves will be undertaken if necessary.

## 4. Use of reserves

The Head of Finance will provide regular reports on the levels and use of reserves as part of management accounts.

Reserves may be used to:

- Support cash flow during delayed funding
- Fund strategic initiatives such as school improvement or expansion
- Respond to emergencies or urgent capital needs
- Support capital funding bids

Each Academy Principal will discuss with the CEO & Academy Council any planned use of reserves and a briefing paper outlining an expression to spend reserves will be presented to the FOC. This is in line with devolved powers from the trust board.

Any planned use of reserves that would reduce the balance below the minimum reserve level set by the trust, must be approved by the trust board of Directors and supported by a recovery plan.

The trust remains legally responsible for all reserve funds, regardless of their being held by individual academies, and may direct the use of reserve funds in exceptional circumstances.

### 4.1 Investment of reserves

Any surplus funds may be invested, in line with our investment policy, our articles of association and in line with the requirements of the Academy Trust Handbook and Charity Commission guidance.

## 5. Reporting and transparency

The reserves position will be reported in:

The trust's annual report and financial statements, in line with Charity Commission requirements, including:

- An explanation of our approach to reserves
- How and why reserves are held
- Any designated funds in our reserves, their purposes and the likely timing of the expenditure
- How our reserves support the trust's educational objectives
- The amount of total funds the trust holds
- The amount of any restricted funds

## 6. Policy review

The overall responsibility for this policy lies with the board of Directors. The FOC will oversee the day-to-day management and regular monitoring of reserves.

This policy will be reviewed by the FOC annually on behalf of the Board of Directors, or more frequently if circumstances change. This will then be shared with the board of Directors for comment.

The policy will be made publicly available on The Park Federation Academy Trust website.

## 7. Links with other policies

This reserves policy is linked to the following:

- Scheme of delegation
- Finance policy
- Investment policy