



Achieving together in faith

Holy Cross Catholic MAC

Treasury/Reserves Policy

2022 – 2025

Responsible for Policy	Martyn Alcott
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Reserves policy

The Directors review the reserve levels of the Company annually. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors also take into consideration the future plans of the Company, the uncertainty over future income streams and other key risks identified during the risk review.

The Directors have determined that the appropriate level of free cash reserves should be approximately 3 - 5% of total incoming resources (£791,550 - £1,319,250). The reason for this is to provide sufficient working capital to cover delays between spending and receipts of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance, long term staff absences etc.

From the Statutory Accounts the Company's level of free revenue reserves at 31 August 2022 is (£3,145,000) (2021: £2,825,000) and the level of capital reserves is £412,000 (2021: £1,049,000)

Although the current level of free reserves is above the target level identified above, the Directors expectation is that these reserves will be utilised over the next few years to fund ongoing development, including the need to retain key staff in light of the increasing cost pressures in future years. A significant amount of reserves will also be required to support the purchase of FF&E and loose ICT equipment for the Cardinal Newman and Bishop Ullathorne new school building projects.

The value of the restricted fixed asset fund at 31 August 2022 is £2,018,000 (2021: £2,115,000), which is represented by the fixed assets that are used exclusively for providing education and associated support services to the pupils of the Company. Unspent capital grants and capital loans are also reflected within this fund balance. These funds can only be realised by disposing of the associated tangible fixed assets.

The pension reserve fund has a deficit balance at 31 August 2022 of £3,270,000 (2021: £11,657,000), which represents the deficit in the LGPS at the balance sheet date. The effect of the LGPS deficit is that the Company is required to make additional pension contributions over a number of years in order to fund the deficit. Those additional contributions are determined by the pension scheme trustees, who use different assumptions to those utilised in calculating the deficit balance of £3,270,000 (2021: £11,657,000). The Directors have noted that the Government has provided a guarantee that in the event of the Company's insolvent dissolution, any outstanding LGPS liabilities would be met by the DfE.