

## 11.3 Reserves Policy

### Policy statement

Duxford Preschool aims to hold sufficient financial reserves to sustain the Preschool if our income falls below expected levels, and to meet our redundancy obligations in the unlikely event that the Preschool has to close. This policy aims to ensure that we manage our finances responsibly, budget for predictable fluctuations in income and hold reserves to cover expenses due to other eventualities.

### Procedures

- We will hold the equivalent of one term's running costs in reserve, to provide cashflow and to sustain the Preschool through any unexpected eventualities. This includes sufficient reserves to pay redundancy payments to all staff as required by law, according to the number of complete years' service with Duxford Preschool.
- The amount held in reserve is reviewed annually to ensure that sufficient funds are available to cover redundancy payments, and any increases in the running costs of the setting.
- In the event of reserves falling significantly below the target level, the Preschool will aim to restore the reserves as soon as possible by increasing fundraising, increasing earned income, or reducing expenditure.
- Similarly, if reserves are significantly above the target level, the Preschool will put in place a plan aiming to eliminate the excess within four years by spending money to enhance the quality of Preschool provision, or otherwise further the aims of the Preschool.
- The Committee will not, however, take any steps that might call into question the ability of the Preschool to continue as a financially viable operation in the long term. In particular, it will not plan to use excess reserves to cover essential running costs.

Version	Changes Made	Author	Date	Review Date
1.0	Baseline version	P Eccleston	26 <sup>th</sup> April 2019	April 2019
1.1	Minor formatting changes and updated level of reserves.	N Hanlon	13 <sup>th</sup> April 2019	September 2019
1.1	Reviewed - no changes	N Hanlon	2 <sup>nd</sup> October 2019	September 2020
1.1	Reviewed - no changes	N Hanlon	8 <sup>th</sup> September 2020	September 2022
1.1	Reviewed - no changes	N Hanlon	28 <sup>th</sup> September 22	September 2024