



# HARPOLE PRE-SCHOOL

"Kind Hands, Kind Hearts, Fun

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## 8.2: Reserve Policy Policy & Procedure

Harpole Preschool has adopted the Preschool Learning Alliance (PLA) policy Reserve Policy. The PLA ensure that their policies adhere to statutory guidance and legislative procedure and they provide the preschool with any updates. All policies and procedures are ratified by the Preschool Trustees on a rolling programme. The preschool staff, led by Sharon Matthews, ensure that their practice is in line with the policies and procedures outlined in the PLA guidance.

### Policy statement

The Charity Commission requires all charities to have a clear reserve policy in place. This policy should be monitored to ensure it reflects any necessary changes to the required level of reserves. Harpole Pre-School has a reserve policy which demonstrates:

- Transparency and accountability to our supporters
- Good financial management
- Justification of the amount of reserves.

This policy outlines why Harpole Pre-school needs reserve funds and at what level the trustees believe the pre-school needs. It also includes what monitoring and reviewing procedures are in place and the steps the pre-school is going to take to maintain the reserves at the agreed level.

### ***Procedures***

The trustees have set a reserves policy which requires where possible to:

- Maintain a level of reserve which ensures that Harpole Pre-school's core activities could continue during a period of unforeseen difficulty.
- Maintained a portion of reserves in a readily available form.

The calculation of the required level of reserves is an integral part of Harpole Pre-school's planning, budget and forecast cycle. It takes into account:

- Risks associated with each stream of income and expenditure being different from that budgeted
- Planned activity level

- Pre-school commitments

### ***Current Reserve Level***

The current reserve level is worked out on the annual budgeted expenditure divided by 12. This then gives a monthly figure. The trustees have agreed to endeavour to set 3 months running costs aside in the reserve fund, which may include any redundancy payment.

Any amount held in reserve over and above the required 3 months running costs, will be held in reserve for any long term project of the pre-school.

**Ratified on 11<sup>th</sup> February 2020**