

Cold Ash Pre-school: Financial Reserves Policy

Safeguarding and Welfare Requirement: Information and Records

Providers are responsible for managing finances through financial control measures.

Policy statement:

Trustees are required to decide, publish, implement and monitor the reserves policy to comply with our legal duties to:

- Act in the interests of their charity and its beneficiaries
- Protect and safeguard the assets of their charity
- Act with reasonable care and skill
- Ensure their charity is accountable

The financial security of our pre-school is important, and so money will be kept in reserve for unforeseen circumstances. Cold Ash Pre-school aims to hold sufficient financial reserves to sustain the pre-school if our income falls below expected levels.

Policy Aims:

Our intention would be to continue functioning as a pre-school for a period of at least **six months**.

Methods:

We have calculated running costs covering six months plus the cost of staff redundancies.

Running costs covering six months is calculated by taking 50% of average annual costs over the past three years.

Staff redundancies is calculated as:

- 1.5 weeks pay for each year of employment after their 41st birthday
- 1 weeks pay for each year of employments after their 22nd birthday
- 0.5 weeks pay for each year of employment up to their 22nd birthday
- Employee must have at least 2 years continuous service

The bank used is to be reviewed regularly with a review of the reserves policy. This was last reviewed in 2022 with Shawbrook bank being selected to hold our reserves. A review of banks took into account the following:

- Banks recommended by the Charities Aid foundation
- Levels of interest offered
- Any withdrawal limitations
- Ease of maintenance
- Payment of interest. For ease of recording and monitoring all income, interest is paid into the main bank account. This way the 'deposit' account is a constant and reassessed annually with the reserves policy.

Conclusion:

£50,000 to be deposited in Shawbrook bank for 2021/22.