



GREAT LINFORD VILLAGE PRE-SCHOOL

Memorial Hall, Marsh Drive, Great Linford, Milton Keynes

Registered Charity No. 1027557

Tel: 0774 9869688 (during session time only)

Email address: greatlinfordvillagepreschool@hotmail.co.uk



Reserve Policy

Statement of intent

We recognise that planning and financial management are important for the future security of our setting. A reserve policy will assist committee members when planning and explaining their approach to family members.

Aim

1. To ensure that we can provide a consistent level of service protecting against unforeseen losses to income or increases in expenses.
2. To ensure that our liabilities can be met should our setting need to close.

Method

We hold regular committee meetings to make decisions about the current and future management of the setting.

At each meeting of the committee the Treasurer shall normally present an up to date written statement of accounts. All decisions made by the committee should be made in view of the current financial situation of the setting and required reserves.

We will aim to build and maintain a reserve of 3 months income.

The committee will annually review this reserve level to ensure that it will meet the following:

- Statutory redundancy liability for all staff.
- Pay for the notice period required to be given to staff.
- Outstanding holiday pay entitlement for staff.
- Outstanding bills such as premises rent.
- Repayment of Nursery Education Grant for sessions not provided.

In addition we aim to build and maintain a reserve of 1 months income to allow a small contingency to cover a temporary shortfall, for example due to low children numbers in the Autumn term.

A risk assessment will be carried out to ensure that the situation is temporary, and that other measures can not be taken to prevent the shortfall i.e. reduction in staffing levels etc. Further advice will be sought from Early Years Advisors at Milton Keynes Pre-school Learning Alliance.

We will publish this policy in our annual report as is legally required by the Charity Commission.

Guidance

The Charity Commission requires committee members (trustees) *to include a statement in their Annual report about the level of reserves held and the reasons for this.*

It states that *to justify their holding of reserves they should have a **reserves policy** based on realistic assessment of their ...needs.*

*The amount of time spent preparing a policy, and the detail with which it is set down should be **in proportion** to the scale and complexity of the charity's affairs.*

Charity Commission publication CC19 Charities' Reserves.



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Statutory Redundancy

Currently the requirement is that:

- 0.5 week's pay for each full year of service where age during year less than 22
- 1 week's pay for each full year of service where age during year is 22 or above, but less than 41
- 1.5 weeks' pay for each full year of service where age during year is 41+

Up to date information regarding statutory redundancy is available at www.berr.gov.uk where there is also a Redundancy Payments Ready Reckoner (<http://www.berr.gov.uk/employment/employment-legislation/employment-guidance/page33683.html>)

Notice Period

If you need to close, you will need to pay staff for the period of notice you are required to give them as set out in their employment contract. You will therefore need to include a figure for this when setting your reserve level.

Holiday Pay

If you need to close, you will need to pay any outstanding holiday pay entitlement to your staff. Holiday pay entitlement is calculated on a pro-rata basis

For example : If you had to close six months into your year, your employees will be entitled to half the annual holiday entitlement. If they have not taken this you would need to make up the holiday pay to this amount.

Nursery Education Grant

You receive Nursery Education Grant in advance. If you are unable to provide the sessions that you have been paid funding for, you may need to re-pay this to the Local Authority.

Note that you are required by the Charity Commission to publish your reserves policy with your accounts and annual return.

This policy was adopted at a meeting of Great Linford Village Pre-school name of setting

Held on _____ (date)

Date to be reviewed _____ (date)

Signed on behalf of the management committee

Name of signatory

Role of signatory (e.g. chair/owner)