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| <u>Policy Title</u> | NCG RESERVES POLICY |
| <u>Policy Category</u> | Compliant |
| <u>Owner</u> | Head of Group Finance |
| <u>Group Executive Lead</u> | Chief Financial Officer |
| <u>Date Written</u> | May 2023 |
| <u>Considered By</u> | Audit Committee |
| <u>Approved By</u> | Corporation |
| <u>Date Approved</u> | July 2023 |
| <u>Equality Impact Assessment</u> | The implementation of this policy is considered to have a neutral impact on protected characteristics. |
| <u>Freedom of Information</u> | This document will be publicly available through the Groups Publication Scheme. |
| <u>Review Date</u> | July 2024 |
| <u>Policy Summary</u> | The policy sets out the requirements, definition and methodology for retained reserves to ensure that NCG maintains sufficient cash to enable it to withstand any shortfall in income or unforeseen expenditure while any necessary adjustments are made to NCGs operations. |

| <u>Applicability of Policy</u> | <u>Consultation Undertaken</u> | <u>Applicable To</u> |
|---------------------------------------|---------------------------------------|-----------------------------|
| Newcastle | No | Yes |
| Newcastle Sixth Form | No | Yes |
| Carlisle | No | Yes |
| Kidderminster | No | Yes |
| Lewisham | No | Yes |
| Southwark | No | Yes |
| West Lancashire | No | Yes |
| Professional Services | No | Yes |

| <u>Changes to Earlier Versions</u> | |
|---|--|
| <u>Previous Approval Date</u> | <u>Summarise Changes Made Here</u> |
| Not Applicable | Not applicable as this is the first formal reserves policy |
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| <u>Linked Documents</u> | |
|--------------------------------|--|
| <u>Document Title</u> | <u>Relevance</u> |
| Financial Regulations | Outlines the financial procedures and limits that must be followed to ensure that the strategy is delivered; whilst maintaining a sound system of internal control, designed to ensure effective and efficient operations and compliance with relevant laws and regulations. |

Introduction

The Charity Commission of England and Wales (Charity Commission) expects that the Governing board of a charity decides, publishes, implements and monitors their charity's reserves policy so that they can comply with their 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

Reserves are that part of a charity's funds that are freely available to spend on any of the charity's purposes.

Reserves are held to make sufficient provision for potential future cash flow requirements and contingencies (such as dealing with unexpected emergencies, taking advantage of opportunities that arise etc.)

This reserves policy has been agreed with due regard to the guidance provided on the annual Education Skills Funding Agency's (ESFA) College accounts direction 2022 to 2023 and Charity Commission's guidance provided under "Charity reserves: building resilience" (Published 29 January 2016)

The aim of this policy is to provide sufficient information for stakeholders to explain funds held in reserve in the annual report.

Policy Statement

It is the view of the / governors that the most appropriate basis for NCG's reserves policy is managed cash and investments (Cash Reserves). This is calculated as follows:

| | £000s |
|--------------------------------|----------|
| Current Asset Investments | X |
| Cash and cash equivalents | X |
| Future Expenditure Commitments | (X) |
| Cash Reserves | X |

NCG will hold cash reserves equal to a minimum of 25 days operational requirements however, in order to remain financially sustainable, the standard target will be to hold 41 days' worth.

The policy will be reviewed annually ahead of the financial year end.