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**Tarporley Pre-School**

**High Street, Tarporley, Cheshire, CW6 0AG - 01829 730233**

**Email:** [**tarporleypre-school2@btconnect.com**](mailto:tarporleypre-school2@btconnect.com)

**Reserve Policy**

**DEFINITIONS AND PURPOSE**

The Committee has reviewed Tarporley Pre-school’s need for reserves in line with guidance issued by the Charity Commission and the Pre-school Learning Alliance.

The Pre-school needs reserves to:

* Meet redundancy liabilities should the Pre-school have to close
* Ensure there are sufficient cash reserves in the current account to cover day to day running costs.
* Ensure continuity of service provision by a. meeting unexpected costs such as cover for illness or maternity leave, etc.
* Covering running costs during periods of lower income (e.g. while adjusting to school policy changes or following falls in fundraising)
* relocate the Pre-school from its current location/premises

In calculating these amounts, the Pre-school assumes the following:

**Salaries and roles as of September 2016.**

* No redundancy payments for staff members with less than 2 years of service.

**POLICY AIMS**

Considering the scope, definitions and purpose, the Pre-school aims to maintain reserves consisting of:

* Reserves to meet redundancy liabilities.
* General contingency reserves equal to half term’s (6 weeks) total expenditure, excluding maintenance and depreciation.

**RESERVE POLICY**

The Committee believes that this level of reserves is prudent and necessary to ensure that the Pre-school can run efficiently and meet future needs that cover the calculated redundancy liability.

‘As a guide, many groups choose half term’s reserves as a suitable level’

The Committee will monitor the actual level of reserves and compare with the target level no less than once a year (at the financial year-end).

In the event of reserves falling significantly below the target level, the Pre-school 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 Committee will put in place a plan as soon as possible, aiming to eliminate the excess within four years by spending money to enhance the quality of Pre-school provision, or otherwise further the aims of the Pre-school, or by reducing fundraising.

The Committee will not, however, take any steps that might call into question the ability of the Pre-school to continue as a financially viable operation in the long term. It will not plan to use excess reserves to cover essential running costs.

**POLICY REVIEW**

This policy will be reviewed and approved annually (at financial year-end) by the Pre-school Management Committee.

**This Policy was adopted at the meeting of Tarporley Pre-School**

Held on the:

Signed on behalf of the Management Committee \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name of signatory: Vickie Riekert

Role of signatory: Chairperson

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| REVIEW DATE | SIGNED BY MANAGEMENT COMMITTEE | NAME OF SIGNATORY | ROLE OF SIGNATORY |
| MARCH 2023 |  |  |  |
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