

## Severn Beach Preschool Reserves Policy

### Statement of Intent

Severn Beach Preschool aims to hold sufficient financial reserves to sustain the preschool if our income falls below expected levels. Our intention would be to continue functioning as a pre-school if at all possible and to cover the payment of staff redundancies in the unlikely event that the pre-school had to close.

### Aims

- To Manage our finances responsibly;
- Budget for predictable fluctuations in income;
- Hold a reserve to cover a minimum of 12 weeks (one school term) financial obligations (to include wages/redundancy obligations; pay in lieu of notice and facilities rental costs);

### Methods

The preschool operates one bank account with budget allocations made in line with the directives of the committee through the Accountant and overseen by the Treasurer and Chairperson.

All finances are reviewed at regular Committee Meetings and the AGM

(At minimum) the school will hold sufficient reserves to cover:

- All redundancy obligations as required by Law & under contract.
  - The period of notice stated in the Contract of Employment is 'half a term'. This will be based on the individuals CONTRACTED hours of employment.
  - The committee has set the reserve to be sufficient to cover 12 weeks' costs)
- Obligatory costs (such as room hire), to cover a period of no less than 12 weeks.

The amount held in reserve is regularly monitored by the accountant and treasurer and is reviewed at Committee level.

A minimum of 12 weeks' reserves should be held. Currently in 2018 this is equivalent to a minimum of £21,000. In the event that reserves fall below this level, the preschool will aim to restore the reserves as soon as possible by increasing fundraising, increasing earning income or reducing expenditure. Reserves should not be allowed to fall to below 6 weeks' expenditure. In this event, an Emergency Meeting will be called.