Engineering UTC Northern Lincolnshire

Reserves Policy

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Jo Wilby

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Author (name & job title):	Jo Wilby, Chief Financial Officer Anesta McCullagh, Principal & CEO
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INTRODUCTION

There are a number of constraints placed upon academies in terms of financial management. One of these constraints is the inability to borrow funds. This constraint represents a key risk to the Engineering UTC Northern Lincolnshire (ENLUTC) in relation to financial planning and monitoring.

One of the ways in which the UTC mitigates this risk is through the effective management of reserves, which provide alternative temporary funding streams should there be a delay in grant receipts or a sudden unforeseen increase in expenditure.

Setting a reserves policy helps inform the way in which the UTC manages its cash, liquid assets and debt.

LEVEL OF RESERVES

The financial risks have been reviewed in terms of impact and likelihood as part of the strategic risk management process. The main financial risk to the UTC is that of managing its short-term cash flow effectively.

This can be exacerbated by fluctuations in student numbers, staff absences and other unforeseen expenditure

To mitigate this risk it has been agreed that an appropriate minimum reserves balance would equate to 4 weeks' worth of expenditure, both in terms of salaries and invoices.

RESTRICTIONS

The ESFA are able set limits on the sum of GAG that can be carried forward from one year to the next. There are currently no limits in place as at 1 September 2025.

The DfE does expect Academy Trusts to use their allocated funding for the full benefit of their current pupils. Therefore, the UTC will not build up a substantial surplus without having in place a clear plan for how it will be used to benefit our pupils.

REVIEW OF POLICY

The Reserves Policy will be reviewed by the Board of Trustees on an annual basis.