

## Reserves Policy

..... Pre-School aims to hold sufficient financial reserves to meet redundancy obligations and to sustain the pre-school if income falls below expected levels.

### **Aims:**

- To manage our finances responsibly
- To budget for predictable fluctuations in income and expenditure
- To hold reserves to cover redundancy obligations, half a term's running costs and pay in lieu of notice (and building maintenance costs)

### **Procedures:**

The Pre-School operates two/three bank accounts:

- A general account for day to day income and expenditure
- A reserves account to cover all redundancy obligations as required by law\* (a half-term's running costs and pay in lieu of notice ie ..... weeks pay per member of staff.)
- A Building Account to cover predicted maintenance costs and removal costs if necessary
- 

\* at present one and a half weeks pay for those years employed between the ages of 41 and 65; one weeks' pay for those years employed between 22 and 40; half a week's pay for those years employed between ages of 18 and 21. Redundancy entitlement begins once a member of staff has been employed for two years.

The amount held in the reserve account is reviewed regularly to ensure that sufficient funds are available ie the amount required for redundancy is maintained to ensure that the level is topped up as necessary or, if a member of staff leaves, the surplus is released.

The money held in the reserve account will not be used for other purposes unless it is more than that required for redundancies.

Budgets are completed annually and updated on a termly basis to take account of all factors affecting income and expenditure.