

19. Reserves Policy

19.1 Statement of Intent

We want to ensure that in the eventuality of a forced closure of the pre-school, all monies owed would be available.

19.2 Main Requirement for Reserves

The Childcare provision is located in a village hall. The site is considered secure although it is possible that the building could be vandalised or burnt down. Should this happen then it is expected to take between 1 – 2 years to get a replacement. Relocation would be difficult and unsatisfactory and could result in a smaller Pre-school with fewer places available and therefore less income. Reserves would therefore be required to cover fixed expenditure for a period of 18 months.

Following the dissolution of the pre-school we will follow section 11.4 of the Pre-school Learning Alliance Model Pre-school Constitution 2011, of which we adhere to.

There is the possibility that staff may leave to work in other settings or become seriously ill and this could have affects on ratios and reduced numbers, which would affect income and require reserves. If the Pre-school had to close, approximate redundancy costs for staff would be £5,000.

The Childcare provision has an account which pays 2% higher interest and much reduced bank charges on a commitment to hold a minimum of £5,000 in the account.

19.3 Range of Reserves

Following careful consideration of the reasons stated above and general risks according to operating in childcare, a reserves target of £8,000 to £10,500 has been agreed. This range will cover perceived risks in allowing expenditure to be met and ensure best bank rates whilst ensuring money is not being held inappropriately.

19.4 Maintaining Reserves

Should reserves go above £10,000 the following actions will be taken

- Purchase specialist equipment
- Improve provision through free lunches
- Decorate and improve facilities
- Investigate extra non-mandatory staff training

Should reserves drop below £8,000 the following will be undertaken:

- Reduce costs where possible without affecting quality of provision
- Increase fundraising
- Increase fees where possible
- Reduce Staff if possible

19.5 Monitoring and Reviewing

This policy will be reviewed annually at the AGM or sooner should a marked change in provision occur.

The Chair, manager and treasurer will ensure on a monthly basis that reserves are held within the required range and consult with trustees regarding any actions if needed.

This policy was adopted at a meeting of Walton Under Fives Pre-School held October 2012. It was reviewed and updated at a meeting held November 2020

Signed (Pre School Manager) Date

Signed (Committee Chair) Date