



Lavenham Pre-School  
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## Reserves Policy

### Policy statement

Lavenham Pre-school is a registered charity and is therefore governed by the Charity Commission (Registration No. 1048612). The committee has reviewed Lavenham's Pre-school's need for reserves in line with guidance issued by the Pre-school Learning Alliance. In accordance with the Charity Commission, the Pre-school is keen to ensure that it does not hold on to unnecessary amounts as holding too much in reserve is in conflict with the trustees' duty to spend income within a reasonable time frame.

### Principles

The Pre-school needs reserves in order to:

- Meet redundancy liabilities should the Pre-school have to close.
- Ensure continuity of service provision by:
  - 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 government funding changes or following falls in fundraising); and
- Planned commitments, or designations, that cannot be met by future income alone, e.g. plans for a major asset purchase or to a significant project.
- The need to fund short-term deficits in a cash budget, e.g. money may need to be spent before a funding grant is received.

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.

***'All groups are recommended to have at least three month's expenditure in reserve and a sum which covers the calculated redundancy liability'***

**(*'Managing a Charitably Constituted Setting', Pre-school Learning Alliance*)**

### Procedures

- Annually, the committee will calculate the target amount of any reserves according to the definition of reserves given in the policy statement.
- The Pre-school has no restricted funds, but where possible the target level of reserves shall be held in separate 'savings' account.

- The committee will monitor the actual level of reserves and compare with the target level no less than once a year.
- Explain any shortfall or excess in reserves against target set.
- Employ a contingency plan to bring reserves into line with the target.
- Information about the reserves policy and the level of reserves held must be included in the Trustees' Annual Report.

▪ This policy was adopted by Lavenham Preschool *(name of provider)*

On November 2023 *(date)*

Date to be reviewed November 2024 *(date)*

Signed on behalf of the provider



Name of signatory Roy Mawford

Role of signatory (e.g. chair, director or owner) Chair of Trustees