

Cash Reserves Policy

Where education is more than what you know,
it's who you can become...

Adopted	Hujjat Trust Board
Date	October 2025
Owner	HPS SLT
Review By	October 2026



**HUJJAT
PRIMARY
SCHOOL**

VISION

Hujjat Primary School will be a happy and inclusive school inspired by Islamic values. A place where children can indulge their curiosity, develop a love for learning and build the foundation to become ethical, responsible and inspirational members of society.

MISSION

We will facilitate the well-being and growth of every child's mind, body and character through:

- Nurturing children within a safe and caring learning environment to realise their full potential;
- Providing a broad, balanced, vibrant and inclusive core curriculum that fosters curiosity and outstanding academic achievement;
- Facilitating experiential teaching, enrichment activities that are a feast for the senses, and focused time on health, hygiene and nutrition;
- Fostering learners who are able to think, question and reflect independently;
- Developing confident, respectful and effective communicators who can express themselves and make informed choices;
- Encouraging positive relationships;
- Listening deeply and accepting every child as a gift from God.

This is accomplished through a values curriculum in accordance with the Islamic philosophy of education. Individuals are encouraged to reflect on the qualities of God and develop the virtues of good character as embodied by Prophet Muhammad (Peace be upon him), thus enabling our pupils to apply their knowledge and turn it into action for the benefit of our school and the wider community

VALUES

- Integrity
- Respect
- Compassion
- Excellence
- Service
- Gratitude

RESERVES POLICY

1. Purpose/Aim

The purpose of the reserves policy for Hujjat Primary School is to ensure the stability of the trust's operations whilst making sure there is a clear vision for the use of trust's reserves. Maintaining an appropriate level of financial reserves is considered essential in protecting the trust from financial risk. This is to be balanced with ensuring there is a clear plan for surplus reserves that may have accumulated and how this will be utilised for the future development and operation of the trust.

2. Definitions and Goals

In general, it is considered prudent to maintain a level of useable reserves sufficient to cover unexpected and unplanned events so that the trust's primary objective is preserved. At the same time, trustees may wish to ensure that it uses its funding to benefit the pupils in its care which implies an imperative to actively consider the use of reserves to enhance educational provision.

In deciding the level of reserves, trustees will take into account the following:

- Uncertainty, turbulence or expected reduction in funding arrangements
- The need for any large project spend to include facilities development, ICT investment or building condition needs
- Fluctuations in pupil numbers
- Cash flow issues due to delays in funding
- The trust's annual and forecast budgets

3. Reserves

Restricted reserves are represented by the main funding for the trust which is the General Annual Grant and other funds that are received for a specific project or purpose. These funds are restricted for the use according to the funding agreements of donors' instructions.

The trustees have determined that the appropriate level of restricted reserves to be held for non-earmarked expenditure should equate to 5% of total restricted funds with an additional central contingency of up to £75,000 to provide sufficient working capital to cover delays in the receipt of grants and to provide a cushion for unexpected emergencies.

4. Unrestricted Reserves

Unrestricted reserves are made up of the trust's activities for generating funds, investment income and other donations which are expendable at the discretion of the trustees in furtherance to achieve the objectives of the trust.

The trustees have determined that the appropriate level of unrestricted reserves to be held for non-earmarked expenditure should equate to 5% of total Trust turnover to provide sufficient working capital to cover delays in the receipt of grants and to provide a cushion for unexpected emergencies.

5. Use of Surplus Reserves

Where the trust holds reserves which are over the amounts determined above. The trust's planned use of these reserves and how they link to the trust's strategic and investment priorities is as follows:

Developing unfunded areas of the school to enhance the school curriculum

Create Nursery Provision

Increase washroom facilities and add wudu capacity.

Repairs and maintenance of external building to eliminate/ reduce damp areas.

6. Use of Reserves to Balance In-Year Budgets

Where the trust is unable to balance its budget in-year then trustees have agreed that the use of surplus

reserves may be used. However, approval of a budget with an in-year deficit will only be granted where it is accompanied with a three to five year plan that clearly shows how the trust will return to an in-year balanced position.

7. Local Government Pension Fund Deficit

The trust board have assessed the risks around the potential repayment of any local government pension deficit and have considered the crystallisation of the deficit to be low. As a result, no reserves are being held to repay the deficit. The DfE paper (see link below) has helped to inform the assessment of the risk. The risk of repayment of the local government pension fund deficit will be regularly monitored.

<https://www.gov.uk/government/publications/academies-and-local-government-pension-scheme-liabilities/dfe-local-government-pension-scheme-guarantee-for-academy-trusts-pensions-policy-for-outsourcing-arrangements>

The Trustees review the reserve levels of the Trust annually.