



Reserves Policy

Reviewed and Re-adopted
August 2017/Reviewed June 2020

A reserves policy is a working document that outlines the reasons for the different reserves held in the bank accounts of Charitable Organisations like The Kennford Playbox. It enables understanding between members of different committees. It is good practice recommended by the charity commissioners.

The Kennford Playbox Preschool aims to hold sufficient financial reserves to meet redundancy obligations and to sustain the pre-school if income falls below expected levels and to ensure any extra funds raised are used for the benefit of the Pre School children.

Policy

- 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, pay in lieu of notice and holiday pay entitlement.
- To hold reserves for maintenance costs associated with the running the Pre-School

Procedures

1. The Pre School operates three bank accounts:

- A General Account for day to day income and expenditure.
- Redundancy Reserve Account
- A Reserves Account to cover
 - contingency costs in the event of the closure of the Pre School i.e. redundancy obligations as required by law; wages in lieu of notice; holiday pay;
 - other financial obligations including general running costs for a half-term period.
 - Ring fenced funds representing monies raised through fundraising and grant applications which may be kept separate from the General Account until required. Amounts may be transferred to the General Account to cover purchases made, services rendered etc.
 - The treasurer maintains full records of the accounts and gains agreement of expenditure from the Chairperson and Secretary for day-to-day expenditure; and, the committee for equipment expenditure.

2. Redundancy entitlement begins once a member of staff has been employed for two years. The amount held in the Redundancy Reserve Account is reviewed at annually to ensure that sufficient funds are available and the amount required for redundancy is maintained / increased on a termly basis and is included in the three term budget. If a member of staff leaves, the surplus should be released by agreement with the committee.

3. The money held in the Redundancy Reserve Account will not be used for other purposes unless it is more than that required for redundancies and closure costs.

Budgets are completed annually with 'projected' income and expenditure for the forthcoming year and updated on a termly basis with 'actual' income and expenditure. The projected figures may be reviewed to take account of other known factors affecting income and expenditure.

4. The Charity Commissioners Account Annual Returns must be completed before May of each year.

- *Notes: If these are NOT completed diligently in due time then a note is made against the charity records viewable online for 7 years*
- *Note: Late returns may trigger a financial inspection by the Charity Commissioners.*

5. The accounts should be audited by a professional auditor after the term ends in August of each year, ahead of the Annual General Meeting held in October of each year.

No	Reserve	Amount Approximate Figures	Notes						
1	<p>One Term's operating capital 2016 = £16,500</p> <ul style="list-style-type: none"> Provides operation capital whilst waiting for funds (fees) to be forthcoming. Provides a support amount for a potential deficit in Autumn Term as a result of single intake <p>History</p> <p>We went to a full-daycare type registration in 2008 so that we could gradually open more afternoon sessions.</p> <p>In September 2010 we opened 5 days (6 hours care) for the first time during term time.</p> <p>In September 2011 – single intake into school means that we have a rising role throughout the year...we need to carry forward funds to support the Autumn Term when we have reduced number of children attending and potentially a deficit position 3/5 years (based on past attendance figures)</p> <p>September 2012: 2gether funding is available for some 2 year olds.</p> <p>January 2014 : We opened a breakfast club.</p> <p>August 2015: We ran a holiday club 3 days a week during August.</p> <p>September 2017: We offer the government funded 30hour free childcare for all those eligible.</p>	<p>NOTE: ages & staffing qualification ratios apply (law)</p> <p>National Playbox</p> <table border="0"> <tr> <td>3yrs+</td> <td>1:8</td> <td>1:6</td> </tr> <tr> <td>2-3 yrs</td> <td>1:4</td> <td>1:3</td> </tr> </table> <p>In effect this allows for manager to be employed supernumerary as per best practices.</p> <p>NOTES</p> <p>Savings might also be made in the short term to cover any shortfall caused by falling role & single intake by:</p> <ul style="list-style-type: none"> Releasing staff for training – using training budget Reduction in consumables Unused SEN budget Repairs & Renewals Unused Miscellaneous budget 	3yrs+	1:8	1:6	2-3 yrs	1:4	1:3	<p>Claire Coates recommended that we always have one terms operational capital in our account and the committee concurred. This would ensure that we would have time to sort out any unforeseen funding problems (delay in EYEF) – pay base staff & rent costs.</p> <ul style="list-style-type: none"> Includes: Salaries + cleaning; Holiday Pay (to accrue below); training; consumables (snack; office; craft; cleaning; phone); Insurance (to accrue below); Repairs/Renewals/New Equipment (to accrue below); Inspections/Fees (Ofsted/Electrical Checks/Fire Extinguishers etc); Rent (£4000/year) SEN budget (5% recommended – used to support children with a variety of needs e.g. extra staffing for settling in (1/2 termly basis); extra meetings re: requirements for SEN; additional equipment meeting identified individual need; behaviour support etc. Miscellaneous: unexpected costs – maternity cover etc. <p>In 2010-11 – the preschool undergoing a downturn due in part to a fall in intake (only 5 in area children for 2011) We were advised by Jane Voought (DCC) that this budget should be used to support group during harder time.</p> <p>In 2011, DCC advised that it is appropriate to keep some capital from a good year to help support staff costs incurred through a year with low attendance...avoiding staff redundancy & maintaining high standards. We don't need to routinely keep a term's operating capital in our account.</p> <p>We STILL consider it still prudent to continue to have a working reserve of £3-4K to overcome late payments of EYEF funding; parent fees and ensure that staff wages & rent can be paid etc.</p>
3yrs+	1:8	1:6							
2-3 yrs	1:4	1:3							
2	Redundancy Pay In Lieu of Notice Contingencies(2012)		This figure needs to be reworked on an annual basis.						
3	Staff Holiday Pay		Staff are entitled to 5.6 weeks holiday pay entitlement on a pro rata basis Holiday pay is usually accrued until the Summer Term Holiday each year. Paid 5 th September						
4	Maternity Pay		<ul style="list-style-type: none"> Covering Maternity Rights for 2 members of staff, including Full pay for Maternity Appointments Up to 10 contact days per person before maternity period finishes Costs of employing new staff covering maternity. 						
5	Tax to be paid		Reminder that we employ staff – and since 2009, employers have a employers tax liability.						
6	NEST Pension Scheme		Currently 2 members of staff receive contribution into the NEST Pension scheme, compulsory since Jan 2017						

7	Equipment Renewal and Maintenance		IWB maintenance Safety Renewals e.g. 1 st Aid Box etc Breakages etc Repairs and renewals.
8	Playground revamp: Ofsted requirement – see inspection report Includes designated fundraising savings & grants Kitchen Refurbishment Sensory Garden area		Grants: Monies that we've received that are ring fenced for specific purposes (ring fenced for outside play facilities)
9	Annual Expenses e.g. Insurance due each year in March/April		This ensures that we are always working towards annual charges and costs. (contribution from terms operational budget)
10	Rent (as of January 2008)	Payable quarterly £4,000 per year	January £1000 March £1000 June £1000 September £1000

NOTES

The Reserve Policy should be reviewed at the end of each term, on a termly basis AFTER core costs have been paid. Additional "historical notes" may be required & added – after different costs have been met – rent; insurance; holiday pay etc.

Purchases: All significant purchases (ie THOSE ABOVE £100) that add to the charities assets must be recognised within the equipment file and accounted for accordingly. (charity requirement – accountant needs figures for end of year financial statement)

Insurance: Paid in March/April each year £1,100 in 2010.

Holiday Pay Paid in July/August each year – staff entitled to 5.6 weeks/year, incl of bank holidays etc.

Budget: A budget is carried out on estimated figures annually and informed by actual figures on a termly basis and used to inform reserves policy

Headcount: carried out on a termly basis and used to inform budget & reserves policy

Billing: carried out on a termly basis and used to inform budget & reserves policy.

Staff Costs: Staff hours are based on Adult:Child Ratio & minimal staff contracted hours.

At year end any positive balances would normally be allocated to cover past shortfalls & other identified areas (e.g. fundraising)

We can only make a budget forecast for 2 years in advance as we cannot forecast how many in area births are likely (The KP takes children from 2 years of age)

History

Prior to 2008, The KP operated from the old Kenn Parish Hall. We had an average attendance of 18 over 5 2.5hour mornings & 3 Lunch Time Clubs.

Our rent did rise substantially from the old hall to the new setting (to £4,000). The rent was supposed to continue to cover not only our heating/water costs (current) but, our caretaking and inspection of electrical and fire extinguishers also (as had happened in Parish Hall). This in effect wasn't the situation. We had no alternative but to cover our own caretaking & inspection costs as the hall staff wasn't maintained due to the closure of the old hall & the parish council NOT the hall committee became our landlords.

In January 2008 the KP moved into its' current setting. With help from grants obtained and budgeted money saved to meet the forecast costs, we renewed most of our furniture & provided equipment to furnish an office; outside areas; kitchen & day-to-day caretaking requirements. We applied to take 2 year olds during the inspection that enabled us to move into the new setting (meeting parental demand). We opened a further 2 lunch time clubs (5 per day)...or 5 3.5 hour mornings and took children from 2.5 years...offsetting a perceived reduction in the birth rate as parents took up hours for younger children.

In 2008 we were inspected OUTSTANDING by OfSTED. During this inspection we asked for permission to move toward 6 hours of care per day (full day care registration). We initiated this by operating 3 afternoon sessions from September 2008. (Meeting parental demand)

In September 2009, in order to meet foreseen changes in funding and to streamline administration The KP moved towards 3.5 hour am sessions and 2.5 hour pm sessions. (Meeting the needs of our "out of area" parents)

In April 2009, the KP won The Nursery World Preschool of the World.

In April 2010, we met the requirements for 15 hour flexible funding.

In January 2011, it was decided to open a further 2 "trial" afternoons. Whilst numbers attending the preschool are low, the committee took the decision to open these afternoons in preference to making staff redundant & meet the need of parents (prevent loss of children), recognising the need for continuity in our staff team and the prospect of another member of staff taking maternity leave.

In 2011, we recognised that we would no longer be able to support the under 3's as much and took the decision to rise the fees over 3 terms to that paid by the funded children (government set). We recognise that this figure is still heavily subsidised as the ratio's for under 3's is half that for over 3's.

In 2011, we took the decision to take 2 year olds from the term after their 2nd birthday, or, the term in which children obtained their 30th month. However, the ratio's may need to be higher than the 1:4 required by law and therefore a higher charge would be incurred during the child's first settling down term.

Since 2010, The KP has experienced a falling role mainly as a result of a falling birth rate in the Kenn Parish and surrounding area (only 5 in area children expected to attend Kenn Primary School in 2011 (usually 2-15)).

2011: Jane Voought made recommendations: reviewed redundancy level; reviewed pay in lieu of notice; added maternity reserve (cover additional costs incurred); add SOP reserve to cover expected losses, based on forecast budgeted figure.

SEPTEMBER 2011 - one intake offer to school in September 2011. Whilst in theory parents have the right to choose when their children start school (up until the term AFTER their child's 5th birthday) it is perceived that peer pressure will prevail and children will take up the single point offer with knock on financial implications.

2011-12 we are expecting more in area children (see potential children list – recognises siblings from past/current children attending; children attending Tots group; and enquiries made)...approx in area intake should rise to 11-14 children (based on a usual 90-95% conversion of children attending from list).

January 2012 – Ofsted inspection with OUTSTANDING OUTCOME again.

One Action: "developing the outside play area to provide additional opportunities for children to explore and investigate particularly relating to knowledge and understanding of the world in promoting sustainability."

April 2012 – 2gether funding – the Kennford Playbox has been recognised as a provider (having outstanding/good ofsted outcome) that can apply for 2 year old funding for children attending our preschool. Currently this funding is very specifically being applied to children from low income families with additional needs. (higher end income support with needs)

September 2013 – 2gether funding will become available to all children from low income families.

August 2014 & 2015 – We ran a holiday club three days a week over August

January 2015 – In order to meet the rise in National Living Wage and compulsory pension contributions for two members of staff we had to raise our fees to parents in January 2015 and again in April 2016.

September 2017 – We registered to offer the government funded 30hour free childcare to those parents eligible.

September 2017 – The Kennford Playbox accounts were moved onto the online system Sage Accounting along with our Payroll, a dedicated staff member now carries out the book keeping for the Playbox rather than a volunteer. Elected treasurer reports back to the committee at each meeting.

September 2020-2021

The Kennford Playbox is expecting a downturn in its fortunes this year as a result of:

- 1. A very low 2021 cohort school intake (currently in attendance)
- 2. COVID 2020-2022.

Adoption Statement

This policy was adopted at a meeting of The Kennford Playbox,

Signed on behalf of the management committee.....

Name of Signatory: Marie Macfarlane (Chairperson)

Date: