

RESERVES AND CASH POLICY

Reserves

The Board of Directors review reserves, using the Reserves Policy to support both the Financial Strategy and the Strategic Plan. A risk-based approach is used to calculate an optimal amount of reserves that looks at reliability of income, costs for re-organisation of activities, and specific liabilities. Amounts are included for risks we are aware of as well as contingencies to allow Newbattle Abbey College to cope with unexpected costs and opportunities.

The College principally hold reserves to:

- protect the continuity of Newbattle Abbey College's work against uncertain future income streams
- provide the capital needed to finance investment in operations and maintenance of building and wider estate
- provide funds to replace assets
- to cover for specific liabilities and identifiable risks
- to allow Newbattle Abbey College to respond to unexpected opportunities that can further its development
- to allow Newbattle Abbey College to meet contractual obligations.

The Board of Directors will ensure that the Total Relevant Reserves of the College must not, at any time, fall below £250.

It is recognised that Total Relevant Reserves at July 2025 fall below this threshold being negative £110k at 31 July 2025. This position has arisen following guidance from the Scottish Funding Council, that a provision should be recognised in respect to the National Bargaining middle management and support staff job evaluation costs. This provision totals £775k and therefore reserves prior to this would have been positive £665k. On the basis that the Scottish Government remains clear that responsibility for the job evaluation funding commitments now rests with it, Newbattle Abbey College are comfortable that we currently meet the requirements of our Reserves Policy.

Total Relevant Reserves are defined as the Total Reserves as stated in the Balance Sheet of the relevant Financial Statements but excluding any pension asset or liability arising from the two pension schemes (STSS and LPP) that the College participates in.

Liquidity

The College will manage its cash resources mindful of three key elements, in order of importance:

Security - Confidence that the sum deposited will be returned.

Liquidity - Must be maintained at a level adequate to meet operational needs.

Yield - Appropriate for the size, duration and type of investment.

In any decisions over cash deposits, the security of cash deposited takes precedence, recognising that the complete avoidance of risk is not possible –i.e. a balance must be

struck. The objective for cash deposits is to achieve the best possible return while minimising risk.

The College follows the key recommendations of CIPFA's Treasury Management in the Public Services/Code of Practice and Cross-Sectoral Guidance Notes.

The Board of Directors will ensure that the College has sufficient funds in all circumstances to meet its liabilities as and when they fall due and with a sufficient margin to meet unexpected expenditure that may arise from time to time.

The Board of Directors will ensure that available liquidity must not, at any time, fall below the equivalent of two months' total payroll costs – currently being £242k at July 2025.

Review Of Policy The Reserves Policy is reviewed annually as part of Newbattle Abbey College's internal financial control systems.

Document version control.

Version number Change or update Author or owner Date

1.0 First version – September 2024

2.0 Second version – February 2025

3.0 Third version – February 2026

This Policy should be read in conjunction with other relevant College policies, procedures and guidance documents, whether specifically listed above or subsequently published or amended.

The College reserves the right to update, introduce, or revise policies and procedures from time to time.

Compliance with the most current versions of applicable policies and procedures, as published, is expected.

Title:	Reserves and Cash Policy
Lead Officer:	Director of Operations
Date last reviewed	February 2026
Next Review date:	February 2027
Approved By:	Audit & Risk
Date first approved:	September 2024