

10.17 Costock Pre-School Reserves Policy

Statement of Intent

We aim to hold sufficient financial reserves to sustain the Pre-School if our income falls below expected levels. Our intention would be to continue functioning as a Pre-School if at all possible and cover the payment of staff redundancies in the unlikely event that the Pre-School had to close.

Aims

To manage our finances responsibly, budget for predictable fluctuations in income and hold reserves to cover expenses due to other eventualities including staff redundancy payments in case the Pre-School had to close.

Methods

Due to the local school admissions policy of all children starting school at the beginning of the school year that they are 5 years old, and our policy that children may start at Costock Pre-School when they are 2 years old, the Pre-School has fluctuating numbers in children, with fewer in the autumn term, more in the spring term and most in the summer term.

Our expenses are approximately the same each term. Our estimated annual running costs are £46,000 and it would be useful to hold 3 months running costs which would be £11,500. However, due to Costock being only a small village Pre-School it is unlikely we will ever be in the position to have this money set aside.

Although we do not have the running costs put to one side it is essential to hold sufficient reserves to pay for redundancy to all staff as required by law, according to the number of complete year's service with Costock Pre-School. This equates to the sum of £3000 at the end of this financial year. Each year this sum should increase to cover the length of service and age of all staff. Currently the amount held in the reserves account is £6000.

This policy was adopted at a meeting of	Costock Pre-school	
Held on	March 2020	
Date to be reviewed	January 2021	
Signed on behalf of the management committee		
Name of signatory		
Role of signatory (e.g. chair/owner)	Chair	

