

Chieveley Pre-School: Monetary Reserves Policy

Reviewed in line with Charity Commission guidance and financial best practice for voluntary sector early years providers.

This policy sets out the approach to managing and reviewing reserves at Chieveley Pre-School.

1. Purpose of the Policy

The Charity Commission recommends that all charities have a clear reserves policy. Monetary reserves are defined as funds held in cash or deposit accounts that are not required for short-term operating expenses. They are intended to safeguard the long-term sustainability of the pre-school.

2. Policy Overview

Chieveley Pre-School's revenue can fluctuate significantly due to changes in child numbers, local demographics, and local school admission policies. As a result, the committee has agreed to maintain a target reserve equal to 6 months of typical expenditure.

3. Reserve Management

The committee's approach to managing reserve levels includes the following:

- If reserves fall below the target, steps will be taken to reduce discretionary spending and apply tighter financial controls.
- Staffing levels will be maintained close to statutory minimum ratios when appropriate.
- If reserves exceed the target level, the committee may reinvest surplus funds into the setting by:
 - Improving adult-to-child ratios where beneficial;
 - Purchasing new or improved equipment and resources;
 - Investing in extended or enhanced facilities for children and staff.



4. Monitoring and Review

This policy will be reviewed annually or following significant changes in legislation or after any incident that highlights a need for policy revision. The Pre-School Manager and committee will approve all changes.

This notice was reviewed and adopted by the Chieveley Pre-School committee.

Signed Preschool Manager:



Date:



Signed Preschool Chair:

Date: 13.08.25