



Theydon Bois Pre-School Group

11.1 Reserves Policy

Theydon Bois Pre-School Group aims to hold sufficient financial reserves to meet our obligations in the event of Pre-School closure, to sustain the Pre-School temporarily should income fall below expected levels or to find alternative premises in the event of the loss of the Scout Hut.

- We aim to hold reserves to cover redundancy obligations, pay in lieu of notice, half a terms running costs, pro rata holiday entitlement for the staff and 1 terms rent.

The preschool at present operates 3 Barclays bank accounts:

- *A general account for day-to-day income and expenditure*
- *An account for the receipt of grants*
- *A reserves account to cover all redundancy obligations as required by law and any rental obligations.*

Reserve Account

The amount held in the reserve account is reviewed regularly using the following criteria to ensure that sufficient funds are available.

Budgets are completed annually and monitored on a termly basis to take account of all factors affecting income and expenditure to try and avoid financial crisis.

Redundancy

By law, each employee is entitled to:

0.5 week's pay for each full year of service where your age was under 22

1 week's pay for each full year of service where your age was 22 or above, but under 41

1.5 week's pay for each full year of service where your age was 41 or above

The maximum number of years that can be taken into account is 20 years. An employee cannot be given statutory redundancy pay for more than 20 years' employment.

Pay in Lieu of Notice.

Statutory redundancy notice periods are:

at least one week's notice if employed between one month and 2 years.

one week's notice for each year if employed between 2 and 12 years.

12 weeks' notice if employed for 12 years or more.

In the event of the Pre-School being forced to close unexpectedly, for example if the Council were to withdraw our eligibility for funding, we would need to be able to pay this.

Rent

We are required to give one terms notice to the Scouts if we no longer need to use the hall. We hold in our Reserves account enough rent for 1 terms payment. The current cost in 2024 is approximately £6400.

Half a Terms Running Costs

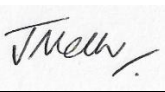
We are required to give a minimum of half a terms notice to Essex County Council if we have to cease operations. Therefore, we must have enough money in the reserves to cover our running costs for this half term. We can assume that council funding will cover wages, but our reserves account must be able to cover general fixed expenses.

Premises

Money held in the Reserves account may also be used to fund costs for finding and setting up in new premises, should the Scout Hut become unavailable. Any increased cost in rental would need to be sustainable in the long term.

Priorities

Redundancy is to be prioritized over all other demands on the reserves account.

This policy was adopted by:	Theydon Bois Preschool Group
Date:	January 2024
Signed on behalf of provider:	
Name of signatory:	James Mellor
Role of signatory:	Committee Member
Date to be reviewed:	January 2025