



POLLYANNA PRE-SCHOOL CIO

FINANCIAL RESERVE & REDUNDANCY POLICY

Statement of Intent

Pollyanna Pre-School CIO require reserves to be in line with the guidance issued by the Charity Commission and the Early Years Alliance. Pollyanna Pre-School CIO will, where practicable, set aside money to meet a potential need, such as an unexpected drop in income. Financial security is important for our preschool in the event of any unforeseen circumstances.

Purpose

The pre-school requires reserves in order to:

1. Meet redundancy liabilities should the pre-school have to close.
2. Ensure continuity of service provision by:
 - a. Meeting unexpected costs such as cover for illness or maternity leave, etc.
 - b. Covering running costs during periods of lower income (e.g. while adjusting to pre-school policy changes or following falls in fundraising).
3. Replace equipment as it wears out and carry out necessary building maintenance if not covered by the rent of the Stoke Mandeville Community Vale Association Centre.
4. Carry out significant changes that are required to conform in line with the EYFS requirements.
5. Relocate the preschool from its current location/premises.

Calculations are to be made by Pollyanna Pre-School CIO and based on:

1. Annual budget which is set for the beginning of each academic year.
2. Inventory audit – covering both the preschool furniture and all resources.
3. Any items deemed to be in poor state of repair that are of the preschool's responsibility based on the rental agreement with Stoke Mandeville and Other Parishes Council.

In calculating these amounts, Pollyanna Pre-School CIO assumes the following:

1. Salaries and roles as at the start of each academic year
2. 12 weeks' notice for all staff.
3. No redundancy payments for staff members with less than 2 years of service.

Pollyanna Pre-School CIO will ensure the reserves are not held within the current account used for day-to-day transactions: but is instead held in a separate savings account, ensuring the reserves remain clearly isolated from normal business.

Ensuring there are sufficient funds to cover the day to day running costs is separate from the reserve account and should be cross-referenced between the annual budget and current account.

Considering the scope, definitions and purpose of this policy, the preschool aims to maintain reserves consisting of:

- Reserves to meet redundancy liabilities.
- General contingency reserves equal to one term (i.e. one-third of annual) total expenditure, which may include but not limited to staff salaries, rent, administration costs (e.g. payroll), and insurance.

Pollyanna Pre-School CIO believes that this level of reserves is prudent and necessary to ensure that the preschool can run efficiently and meet future needs.

In the event of reserves falling significantly below the target level, the preschool will aim to restore the reserves as soon as possible by increasing fundraising, increasing earned income, or reducing expenditure. Similarly, if reserves are significantly above the target level, Pollyanna Pre-School CIO will put in place a plan as soon as possible, aiming to eliminate the excess within four years by spending



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money to enhance the quality of preschool provision, or otherwise further the aims of Pollyanna Pre-School CIO, or by reducing fundraising.

Pollyanna Pre-School CIO will not, however, take any steps that might call into question the ability of the preschool to continue as a financially viable operation in the long term. In particular, it will not plan to use excess reserves to cover essential running costs.

Redundancy Procedure

It is Pollyanna Pre-School CIO's intention to avoid redundancies wherever possible, and if they should be unavoidable to mitigate their effect. Furthermore, this policy reflects the organisation's commitment to full employee consultation and to provide appropriate support to staff should redundancies take place. This policy also applies to any situation where fewer employees are required due to a reorganisation of work. Please note only 'employees' are covered by redundancy rules – 'workers' on zero hours contracts are not.

Alternatives To Redundancy

Before making any compulsory redundancies, the organisation will first take all reasonable steps to identify feasible alternatives to meet the needs of the business. These will include:

- Restriction of external recruitment.
- Introduction of flexible working hours/days.
- Consideration of terminating or restricting the engagement of temporary/agency staff.

Consultation

Pollyanna Pre-School CIO is committed to providing full and proper information to all employees during the consultation process. This consultation may be carried out with trade union representatives/elected representatives or directly with employees depending on the needs of the organisation. Wherever practicable, Pollyanna Pre-School CIO will endeavour to incorporate the views of trade union/employee representatives and employees into its management of the proposed redundancies.

Information provided will include the:

- Reason(s) for the proposed redundancies.
- Numbers and categories of employees affected, specifying those whom it is proposing to make redundant.
- Proposed method of selecting those for redundancy.
- Proposed method of carrying out the redundancies.
- Time period over which the redundancy dismissals will take place.
- Proposed method of calculating redundancy payments (where non-statutory payments are to be made).

Individual Consultation

Pollyanna Pre-School CIO will enter into individual consultation with all employees provisionally selected for redundancy who are 'at risk'. Each employee will be given information about the proposed method of redundancy selection, including any selection criteria to be used. They will be informed subsequently of the basis for their selection and be invited to make representations to their relevant manager about their redundancy selection before any final decision about who is to be given notice of dismissal is taken.

Redundancy Selection

The selection criteria to be used in the case of redundancy will change from time to time to reflect the needs of the organisation. The criteria to be used will be fair and robust in application and will vary with each redundancy exercise; however, they may consist of skills, attendance record, discipline record and qualifications.



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Time Off to Find New Employment

Any employee under notice of redundancy dismissal who has at least two years' continuous service will be granted reasonable time off to look for alternative work with another employer. This will also include reasonable time off to attend interviews or to undergo training for alternative work. Appropriate time off will be arranged with the employee's line manager.

Support For Redundant Employees

Pollyanna Pre-School CIO will make every reasonable attempt to support any employee who is made redundant.

Statutory Redundancy Payments

Those employees with two or more years' continuous service with the organisation will be entitled to receive a statutory redundancy payment. This will be calculated according to their age, length of service and final gross weekly pay subject to the statutory maximum (based on the maximum rate of a week's pay at the time of the redundancy dismissal).

Policy Review

This policy will be reviewed and approved annually following our financial year-end by the Pre-School Management Committee.

Review and Approval

This policy was reviewed and adopted on: 1st September 2025

Signed by Management Committee: Nikitta Wehrle

Print Name: NIKITTA WEHRLE

Monitoring and Review This policy will be reviewed annually or as needed to ensure it remains effective and responsive to the needs of children and families.