



GUILSBOROUGH MULTI ACADEMY TRUST

RESERVES AND INVESTMENT POLICY

Policy Name	Reserves and Investment Policy
Committee	Finance, Audit and Risk Committee
Owner	Chief Financial Officer
Statutory	Yes -Academy Trust Handbook
Authorisation	Finance, Audit and Risk Committee

Date Ratified	Review Date
September 2023	September 2027



Version	Date	Author	Changes
V1	4/9/23	KEA	Initial issue

Legislative Compliance:
Academy Trust Handbook 2023 (paragraph 2.22)



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1. Purpose

As part of good governance, best practice and in compliance with the Academies Trust Handbook, Guilford Multi Academy Trust (The Trust) has developed a framework for managing and maintaining its reserves.

This policy also sets out the rules by which the Trust invests its money ensuring that the investment risk is properly managed.

2. Definition

2.1 Restricted Reserves

Restricted reserves are represented by the main source of funding for an academy i.e. General Annual Grant (GAG) paid by the Education Skills Funding Agency (ESFA) and any other grant income or donated income received for a specific project or purpose (e.g. capital grant income).

2.2 Unrestricted Reserves

Unrestricted reserves can be derived from a combination of income sources such as operational activities to specifically generated income, investment income and general donation income.

Unrestricted reserves are expendable at the discretion of the Trust in furtherance to achieve the objectives of the Trust.

3. Revenue Reserves

The Trust will maintain an appropriate level of financial reserves which is considered essential in protecting the Trust from financial risk generated by, for example:

- income reduction due to Government funding changes
- unexpected falls in student numbers
- cash flow issues due to delays in receipt of funding
- emergencies



In general it is considered prudent to maintain a level of useable reserves sufficient to cover unexpected and unplanned events so that the Trust's primary objective is preserved. At the same time, the Trust wishes to ensure that it uses its funding to benefit the students in its care which implies an imperative to consider actively the use of reserves to enhance educational provision.

Trustees will monitor levels of reserves in financial reports provided by Chief Finance Officer (CFO) and in the annual financial statement prepared by the Auditor. Trustees will look to ensure that a prudent level of reserves is maintained, bearing in mind the recurrent spending needs to ensure high quality provision. In deciding the level of reserves Trustees will take into account the following:

- one month salary bill .
- the Trust's annual budget
- the need for any large project spend, such as facilities development or building condition needs
- any uncertainty, turbulence or expected reduction in funding arrangements, including the level of transitional protection within the Trust funding and its expiry date.
- anticipated funding over the next three years.

4. Restricted Capital reserves

The Trust holds restricted fixed asset reserves specifically for capital purposes including future depreciation charges.

5. Investments

5.1 Purpose

The investment policy aims to ensure that:

- The Trust funds are used only in accordance with the law, its Articles of Association, its Funding Agreement and the Academy Trust Handbook.
- The Trust funds are used in a way that commands broad public support.
- Value for money (economy, efficiency and effectiveness) is achieved.
- Trustees fulfil their duties and responsibilities as charitable trustees and company directors.



5.2 Procedures

Before any funds are invested, the CFO will seek the approval of the Finance Audit and Risk (FAR) committee detailing the date, amount, description, length and interest rates / expected return of the investment.

The CFO will monitor the cash flow and current account balances to ensure that immediate financial commitments can be met, that accounts do not become overdrawn and identify any surplus funds to transfer to the money market which attracts a higher interest rate.

Investments will be low risk and at banks approved and monitored by the Financial Services Authority.

The CFO will seek prior approval from the ESFA and FAR committee for investment transactions that are novel, contentious or repercussive.

Novel transactions are those of which the Academy Trust has no experience or are outside the range of normal business activities of the Trust.

Contentious transactions are those which might give rise to criticism of the Trust by Parliament, the public, and the media.

Repercussive transactions are those likely to cause pressure on other Trusts to take similar approach and hence have wider financial implications.

This policy will be reviewed every 4 years unless any statutory changes require an earlier review.