



# Tudor Grange Academies Trust

## Reserves and Investment Policy

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### 1 Purpose

The purpose of the reserves policy is to ensure the stability of the Academy’s organisational operations, so that it has the ability to adjust quickly to changes in financial circumstances, such as large unbudgeted expenditure, cyclical maintenance and working capital.

The purpose of the investments policy is to ensure surplus funds are adequately identified and only invested in low risk funds.

### 2 Definitions and Goals

#### Restricted Reserves

Restricted reserves are those funds received by the academy from either its main ESFA funding grant, other grant contributions or donations that are received for a specific project or purpose. These funds are restricted for use according to the funding agreements or donors’ instructions. The level of reserves will be determined by the Trust Board annually and can fluctuate depending on operational needs.

#### Unrestricted Reserves

These are derived from the academy’s activities for generating funds, for example reserve transfers into the Trust or donations. These reserves are expendable at the discretion of the Trust Board to achieve the objectives of the Trust.

Together the above reserves are herein termed ‘GAG reserves’. The aim is for cumulative GAG reserves to exceed 3% of Trust income in any one year. This is to provide sufficient reserves to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies, such as urgent maintenance. All reserves are reported upon monthly with the Trust’s management accounts and Chairman’s packs which are accessible through Team.

#### Cash Flow

During the course of a year, the Trust Board has determined the appropriate method for monitoring the appropriateness of GAG reserve levels is to monitor the level of cash flow. This is projected monthly on a rolling 12 months basis. The Finance and Personnel Committee (FPC) will regularly monitor Cash Flow balances to ensure immediate financial commitments can be met (payroll and

payments runs) and that the current account has adequate balances to meet forthcoming commitments. The minimum level for cash flow at any point in time is determined to be 7 working days of cash expenses. The Trust will not allow its current account to go overdrawn.

### **3 Investments**

The investment strategy is:

1. The FPC will agree the level of funds surplus to immediate cash flow requirements and which are therefore available for investment.
2. The funds would be transferred to Lloyds Bank Plc [account to be determined at the time].
3. Periodically (at least annually) review interest rates and compare with other secure, non equity, investment opportunities and consider alternative secure investments.
4. The Trust will only invest funds in risk free and short-term (1 to 3 months) accessible deposit accounts.

### **4 Review of Policy**

This policy will be reviewed by the Finance and Personnel Committee annually in the autumn term. Changes to the policy will be recommended by the FPC for approval by the Trust Board.