Stowe Valley
MULTI ACADEMY TRUST

# Reserves and Investment Policy

Adopted by Trustees: March 2021

Reviewed and approved by Trustees: April 2026

Next Review Date: July 2027

Person responsible for overseeing the implementation: CFO

Chair of Trustees signature: C. L Chevassut

## Introduction

The purpose of this policy is to set out how the Trust sets, invests and administers its financial reserves. The development and implementation of an effective reserves and investment policy will restrict the impact of any risk upon the continuing operations of the Trust.

The Trust is able to hold reserves to further its charitable aims and to take account of the internal and external operating environment it faces.

Where reserves are held, it is a requirement of the charity accounting regulations that directors must state their reserves policy in their annual report. The Academies Financial Handbook notes that trusts should use their allocated General Annual Grant (GAG) funding for the full benefit of their current pupils.

Where a Trust has built up substantial reserves they should have a clear plan for how they will be used to benefit pupils. When the Trust holds reserves it may invest them to further the Trust's charitable aims. The directors must ensure that investment risk is properly managed.

## Types of Reserves

Reserves are the representation of the cash balance available at the end of the accounting period.

The charitable funds of the Trust are in the main derived from direct government and local authority grants, where the nature of the expenditure has been defined. These funds are defined as Restricted Reserves. Funds provided for specific capital purposes are classed as Restricted Fixed Asset Reserves Additional charitable funds are generated through the operational nature of the Trust's work, or from grants or donations that can be spent at the discretion of the directors. These funds are defined as unrestricted and can be spent in the furtherance of any of the Trust's objectives.

## Reserves policy statement

The Trust Board aims to ensure that a minimum level of Reserves (Restricted and Unrestricted Reserves) across the Trust equate to at least one month's operating costs.

These Reserves are held to cover:

- cashflow and contingency requirements
- planned or anticipated future commitments to capital projects
- financial commitments made but not yet entered into
- planned investment in educational initiatives and new projects to further the objectives of the MAT

In the medium term the Trust Board will aspire to a level of Reserves across the Trust equivalent to at least two months operating costs. All Reserves are accountable at Trust level as the board have the responsibility of securing the financial stability of the Trust as a whole.

## Monitoring and Accounting for Reserves

The Trust will regularly monitor the level of reserves at both Trust and an individual school level to assess progress against the Trust's reserve target of at least 5%.

At the end of each financial year if a school has Reserves that are higher than the one month threshold, then these will be moved to the central service reserve. Reserves below the one month operating cost level will continue to be held at a school level. The monthly operating cost for each school will be determined using an average across the year.

## Use of Reserves

Expenditure of reserves can only be undertaken when agreed by the Trust and will take into account:

- the overall reserves of the Trust which should be maintained at around 5%
- the operational risks faced by the Trust
- the priority for school investment and maintenance plans across the Trust

The Trust may also choose to identify some of the Reserves as Designated Reserves, which are being held for a specific purpose, such as ICT / capital projects. The Trust will decide when Designated Reserves will be spent and always retains the right to reallocate these Reserves depending upon the needs of the Trust overall.

## Investment Policy Statement

Investments should be made to further the Trust's charitable aims, but must ensure that investment risk is properly managed.

The Trust's investment objectives are:

- to achieve the best financial return available for cash reserves, while ensuring that security of deposits takes precedence over revenue maximisation
- to only invest funds surplus to operational need, based on all financial commitments being met without the Trust bank account becoming overdrawn
- to exercise all investment decisions with care and skill and consequently be in the best interests of the Trust and be able to command broad public support