



# **Inspire Multi Academy Trust**

## **Investment and Reserves Policy**

|                                                           |                                    |
|-----------------------------------------------------------|------------------------------------|
| <b>Policy Reviewed :<br/>Adopted by Board of Trustees</b> | <b>Autumn 2026<br/>Autumn 2016</b> |
| <b>Review Frequency</b>                                   | <b>Annual</b>                      |
| <b>Date of Next Review</b>                                | <b>Autumn 2027</b>                 |
| <b>Signed on behalf of the Board of Trustees:</b>         | <b>S Ruffell</b>                   |

## **INVESTMENT AND RESERVES POLICY**

### **1 Introduction**

- 1.1 It is a requirement of the charity accounting regulations that Trustees must state their Reserves Policy in their annual report. However, regardless of the regulatory requirement, establishing reserves that protect the operations of the Trust and contribute to its smooth running is good practice and forms part of its overall financial control and governance framework.
- 1.2 Guidance on the Trust's reserve policy and their reporting requirement is contained in the Academies Accounts Direction and Academy Trust Handbook. It is the responsibility of the Board of Trustees to take a longer-term view of the trust's financial plans and set a policy for holding reserves.
- 1.3 Whilst the Trust does not wish to hold excessive reserves, as it believes that funds should be expended on the pupils of today, it also recognises that a level of reserve is required to cover unforeseen events and areas of investment.
- 1.4 The DFE previously set limits on the amount of General Annual Grant (GAG) that could be carried forward from one year to the next. These limits have now been removed so that academy trusts have the freedom to keep money aside for when it is needed most and to build up reserves, for example for long term capital projects.
- 1.5 This document sets out the reserves policy for Inspire Multi Academy Trust.
- 1.6 This policy shall be reviewed annually or earlier should there be a legal or business requirement that necessitates a change.

### **2 Purpose**

- 2.1 The purpose of the reserves policy is to ensure the stability of the Trust's operations and protect it from the impact of unplanned large expenditure.
- 2.2 Reserves must have a specific purpose relating to planned future spending or to cover current and future risks and this is reviewed based on need and agreed by Trustees.
- 2.3 The level of reserves held should be transparent and maintain the link for which the income was given.
- 2.4 The level of reserves held should ensure that sufficient resources are available so that unexpected events can be accommodated without causing current year problems, generating a deficit or cash flow issues.
- 2.5 A key judgement that is performed as part of the external audit of the Trust's accounts is that the Trust will comply with FRS18 and the Academy Accounts Direction. The Trust must, in preparing the annual statement of accounts, undertake an assessment of the Trust's ability to continue as a going concern. The level of reserves held by the Trust will be a factor in judging whether the Trust will remain a going concern.

2.6 The basis of a good reserves policy is in determining why some funds may need to be held back as reserves. This could include but not limited to:

- the risk of an unforeseen emergency or other unexpected need for funds, e.g. an unexpected large repair bill
- to cover unforeseen day to day operational costs
- failure in a source of income, e.g. grant income not renewed
- to take advantage of new opportunities
- to fund a new capital project

### 3 **Level of Reserves**

3.1 The Board of Trustees regard the Trust as a consolidated single entity. Financial control and responsibility are centralised for the benefit of all academies within the Trust.

3.2 All reserves held by the Trust will be used to solely benefit the schools within the MAT and further the educational activities of the Trust.

3.3 Academy budgets are set and agreed with Headteachers to meet their curriculum needs and in line with the Trust's strategic plan.

3.4 Prior approval from the Board of Trustees must be gained before any expenditure from reserves is agreed.

3.5 The level of reserves will be reviewed at least annually by the Board of Trustees.

### 4 **Designated Reserves**

4.1 Designated reserves are reserves that have been set aside at the discretion of the Board of Trustees to support the MATs objectives. Where a designation has been identified, the purpose will be explained in the Financial Statements in accordance with the most recent Academy Accounts Direction.

4.2 The level of designated reserves will be determined by the MATs objectives and overall strategic plan for delivering good quality education.

### 5 **Spending against reserves**

5.1 Any expenditure that will be made out of Trust reserves will be subject to the same authority levels as set out in the Scheme of Financial Delegation.

5.2 All requests will be reviewed in the first instance by the CEHT and CFO, considering both Academy need, affordability, and equity of expenditure across the Trust. If approved by the CEHT and CFO, the request will be submitted to the Finance, Staffing, Audit and Risk Committee.

5.3 The Board of Trustees will make the final decision on the distribution of any reserves considering the needs of individual schools.

## **6 Academies joining the Trust**

- 6.1 When an academy joins the Trust, it becomes part of one legal entity.
- 6.2 Reserves which are bought into the Trust on conversion will be included in the overall Trust reserves balance.
- 6.3 The Trust recognises that some reserves may have been generated for a specific purpose and therefore, where possible, those reserves will remain designated for that purpose.
- 6.4 All expenditure against reserves will be reported to the Board of Trustees (Finance, Staffing, Audit and Risk Committee) regularly.

## **7 Investment**

- 7.1 In making decisions regarding where and how any surplus funds should be invested, due regard will be given to risk.
- 7.2 Currently, surplus funds are considered for potential investment.
- 7.3 Where a decision to invest is reached an amount of surplus funds to be agreed by Trustees will be invested with the existing banker, Lloyds in an instant access deposit account.
- 7.4 Interest will be received dependent upon the investment account terms and conditions at that time.
- 7.5 When Trust funds are invested the Finance, Staffing, Audit and Risk Committee will receive regular reports as to the performance of the investment.
- 7.6 A report to Trustees will be considered termly or at least once per academic year.

## **8 Applying for Reserve Funding**

- 8.1 Academies wishing to access reserve funding to support a project which is beyond the parameters of their GAG or Capital Maintenance Budget should discuss their project with the CEHT at the earliest possible stage. The purpose of the discussion is to explore the project need, benefits and expected impact for pupils or the school estate. The CEHT will provide an indication as to whether there is a level of free, unassigned reserves to support the project.
- 8.2 If following their discussion with the CEHT, an applicant wishes to progress their application, they must submit a Reserve Funding Application (Appendix 1).
- 8.3 The application must be accompanied by the project costs, following a full tender exercise (at least three companies must be invited to tender). The applicant must submit evidence of their tender with the application. This will demonstrate best value principles have been adhered to.

- 8.4 Applicants should submit their application for funding, accompanied by any supporting information to the CEHT by email. The CEHT will review the application and if required, will meet with the applicant to discuss the request further. The CEHT will decide whether they support the application, or not, and will annotate the application form accordingly, outlining their decision and reasons.
- 8.5 The CEHT will submit the Reserve Funding Application to the Finance, Staffing, Audit and Risk Committee who meet termly to review applications.
- 8.6 The Finance, Staffing, Audit and Risk Committee will review the application and decide whether it should be approved and what level of funding should be awarded. The committee may agree a full or partial funding award and their decision will be confirmed in writing. Unsuccessful applicants are able to appeal, following the Appeals Process outlined below.

## **9.0 Appeals Process – Reserve Funding**

- 9.1 If a Reserve Funding Application is not approved, the applicant has a right of appeal. All appeals will be considered by the Appeals Committee during school term time.
- 9.2 If the applicant wishes to submit an appeal, they should do so in writing, within 14-days of the date of the decision letter. Appeals should be submitted to the Business Relationships and Governance Manager (BRGM).
- 9.3 On receipt of an appeal, the BRGM will convene a meeting of the Appeals Committee as soon as possible. We will endeavour to hold an appeal hearing within 30-days of receipt of an appeal notice however, this may not be possible should this fall within school holiday periods.
- 9.4 The Appeals Committee will consider written and verbal representations from the applicant and other interested parties, including the CEHT and Finance, Staffing, Audit and Risk Committee before reaching a decision on whether the original decision should be upheld or overturned.
- 9.5 If the original decision is overturned, the Appeals Committee will decide what level of funding should be awarded. The committee may agree a full or partial funding award.
- 9.6 The Appeals Committee's decision will be communicated in writing within 10-days of the appeal hearing.
- 9.7 The decision of the Appeals Committee is final. There is no further right of appeal to the Board of Trustees.
- 9.8 If the applicant remains dissatisfied with the outcome, they may choose to appeal directly to the Secretary of State, via the DFE. All decisions reached by the Secretary of State are considered final.

### **REVIEW**

This Investment and Reserves Policy will be reviewed on an annual basis.



## Reserve Funding Application Form

### Applicant Details

|                            |  |
|----------------------------|--|
| Academy Name               |  |
| Application Date           |  |
| Application Completed By   |  |
| Date Application Submitted |  |

### Project Details

|                            |  |                           |  |
|----------------------------|--|---------------------------|--|
| Project Name               |  |                           |  |
|                            |  |                           |  |
| Description of Project     |  |                           |  |
|                            |  |                           |  |
| Expected Impact of Project |  |                           |  |
|                            |  |                           |  |
| Estimated Start Date       |  | Estimated Completion Date |  |

### Best Value

|                     |                     |                     |
|---------------------|---------------------|---------------------|
| Quotes Received     |                     |                     |
| Insert Company Name | Insert Company Name | Insert Company Name |
| £                   | £                   | £                   |

|                                           |
|-------------------------------------------|
| Preferred Contractor                      |
|                                           |
| Reason for Selecting Preferred Contractor |
|                                           |

**Funding Requested**

|                                        |  |
|----------------------------------------|--|
| Total Project Cost                     |  |
| Academy Contribution                   |  |
| Other Funding (Grants etc.)            |  |
| Reserve Funding Contribution Requested |  |

***Please submit your application and supporting information to the Chief Executive Headteacher (CEHT).***

**CEHT Review**

|                           |         |  |        |  |
|---------------------------|---------|--|--------|--|
| Date Application Received |         |  |        |  |
| Decision                  | Support |  | Reject |  |
| Reason for Decision       |         |  |        |  |
|                           |         |  |        |  |

**Finance, Staffing, Audit and Risk Committee**

|                                  |         |   |        |       |
|----------------------------------|---------|---|--------|-------|
| Date Application Received        |         |   |        |       |
| Date Committee Met/Decision Date |         |   |        |       |
| Decision and Funding Allocated   | Support |   | Reject |       |
|                                  |         | £ |        | £ N/a |
| Reason for Decision              |         |   |        |       |
|                                  |         |   |        |       |
| Date Decision Letter Issued      |         |   |        |       |

**Appeals Committee**

|                                  |                                  |   |                                |       |
|----------------------------------|----------------------------------|---|--------------------------------|-------|
| Date Appeal Received             |                                  |   |                                |       |
| Date Committee Met/Decision Date |                                  |   |                                |       |
| Decision and Funding Allocated   | Overturn<br>Original<br>Decision |   | Uphold<br>Original<br>Decision |       |
|                                  |                                  | £ |                                | £ N/a |
| Reason for Decision              |                                  |   |                                |       |

|                             |  |
|-----------------------------|--|
|                             |  |
|                             |  |
| Date Decision Letter Issued |  |