



THE NEW GUILD TRUST

Reserve and Investment Policy

POLICY

This policy has been adopted on behalf of all academy schools in The New Guild Trust:

**Moorpark Junior School
Jackfield Infant School
Alexandra Junior School
Alexandra Infants' School**

Approval and Review

Committee to Approve Policy	Trust Board
Date of Trustee Board / Academy Committee Approval	September 26
Chair of Trustee Board / Academy Committee	Mrs L Eagle
Signature	<i>L Eagle</i>
Accounting Officer	Mrs K Peters
Signature	<i>K Peters</i>
Policy Review Period	12 months
Date of Policy Review	September 27

Version Control			
Version	Date Approved	Changes	Reason for Alterations
Initial	Feb 25	New Policy	
	Sept 26	No Changes	

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Introduction

1.1. The Academy Trust Handbook states that the Board of Trustees must set a policy for holding reserves and explain it in its annual report. The board may invest to further the trust's charitable aims but must ensure that the investment risk is properly managed.

1.2. When considering an investment, the board must:

- act within its powers to invest as described in its articles
- have an investment policy to manage and track its financial exposure, and ensure value for money
- exercise care and skill in investment decisions, taking advice as appropriate from a professional adviser
- ensuring exposure to investment products is tightly controlled so security of funds takes precedence over revenue maximisation
- ensuring investment decisions are in the trust's best interests
- reviewing the trust's investments and investment policy regularly.

1.3. In doing this the board should follow the Charity Commission's guidance: CC14 Charities and investment matters: A guide for trustees.

[Investing charity money: a guide for trustees - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/investing-charity-money-a-guide-for-trustees)

Reserves Policy

2.1. The New Guild Trust has established this reserves policy to protect its activities by providing financial buffers against an unpredictable financial environment and to make sufficient provision for future cash flow requirements. The policy also provides the framework for future strategic planning and decision-making. An effectively implemented reserves policy will mitigate the impact of any risk upon the continuing operations caused by funding uncertainties.

2.2. The Trustees review the reserve levels of the Trust annually. This review encompasses the future plans of the MAT, the uncertainty over future income and expenditure streams and other identified risks.

2.3. The MAT will always try to match income with expenditure in the current year (set and manage a balanced budget), and will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the pupils.

2.4. The directors have determined that the appropriate level of free reserves should be as follows

- Where affordable, the Academy will aim to maintain a revenue reserve fund of 5% of total income to provide flexibility and certainty in forward planning.

2.5. Each Academy will retain and monitor the level of reserves to ensure that they are maintained at the required level.

Investment Policy

Roles & Responsibilities

3.1.1. The Board of Trustees will:

- Ensure that investment risk is properly managed
- Act within their powers to invest as set out in our articles of association
- Exercise caution in all investments, reducing risk and ensuring that the trust acts with the utmost integrity
- Take investment advice from a professional adviser, as appropriate
- Ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximization
- Ensure that all investment decisions are in the best interests of the MAT

The MAT will not invest in Novel, Contentious or Repercussive transactions¹.

3.1.2. The Trustees' Finance, Resources and Audit Committee will:

- Have delegated responsibility for the MAT's investments
- Control and track financial exposure
- Review the trust's investments and reporting to Board on investment

3.1.3. The Chief Financial Officer (CFO):

- Is responsible for producing cash flow forecasts and for making decisions on investments.
- Will provide information to the finance committee and academy Trustees, as appropriate

¹ **Novel transactions** are those of which the academy trust has no experience or are outside the range of normal business activity for 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 a similar approach and hence have wider financial implications

Investment principles

3.2.1. Adequate cash balances must be maintained to ensure that there are always sufficient funds in the MAT's current accounts to cover financial commitments such as payroll and day-to-day expenses; for example sufficient cash should be retained on instant access to meet the monthly payroll cost. The MAT does not have an overdraft facility on its bank accounts and must not be allowed to go overdrawn.

- The MAT will only invest funds in low risk and easily accessible accounts.
- Funds will be placed in bank accounts with a withdrawal notice of no more than 6 months, investments over 12 months must be authorised by the Board of Trustees following recommendation by the Finance, Resources and Audit committee
- Risk is managed through diversification of investments, ensuring that the security of funds takes precedence over revenue maximization.
- Funds will only be placed with banking institutions that are regulated by the Financial Conduct Authority and with good credit ratings
- Funds may be deposited on a cash platforms, regulated by the FCA which are designed to help the MAT maximise cash reserves whilst remaining the beneficial owner at all times, through the use of a client bank account

Procedures

3.3.1. The following people are authorised signatories:

Mrs K Peters: Chief Executive Officer (CEO)
Mrs R Davies - Headteacher
Mrs A Lupton - Headteacher
Mr R Muller - Headteacher

3.3.2. Two authorised signatories will sign to indicate they agree to the investment in accordance with the financial scheme of delegation by use of the investment authorisation form (Appendix 1).

3.3.3. The investment authorisation form will be presented to the Finance, Resources & Audit Committee for final approval and must be signed by the Chair of the Resources Committee and recorded in the minutes.

3.3.4. The following information will be recorded about investments:

- Date
- Amount and description of the investment
- Length of investment
- Interest rates/expected return.

3.3.5. The CFO will review interest rates and compare them with other investment opportunities regularly

3.3.6. Cash flow and current account balances will be monitored regularly by the CFO and the finance team to ensure immediate financial commitments can be met and that the current account has adequate balances to meet forthcoming commitments.

- 3.3.7. When there are funds surplus to immediate cash requirements in the current account, we will transfer these to an account with a higher interest rate.
- 3.3.8. Investments will normally be for a fixed term that does not exceed one year, unless there is a clear rationale for longer-term investment that would benefit the trust.
- 3.3.9. Consider a maximum of £85,000 as being placed with one financial institution, unless there is a minimum value and the reason for this decision is recorded on the authorisation form. This is because the first £85,000 of an investment is protected by the Financial Services Compensation Scheme.
- 3.3.10. Funds, and any interest earned on those funds, will be automatically reinvested unless money is required for immediate or anticipated expenditure.

Monitoring Arrangements

- 3.4.1. The CEO and CFO are responsible for ensuring that this policy is adhered to.
- 3.4.2. This policy will be reviewed and approved by the academy trustees annually.

Links with other policies

- 3.5.1. This investment policy links with the Accounting and Finance Policy.

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Appendix 1 – Investment Authorisation Form

Date of investment:		Duration of investment:	
Amount:			
Interest rate:		Expected return:	
Description of Investment:			
Details of where investment is held:			
Signatory name:		Signatory name:	
Signed:		Signed:	
Date:		Date:	

Authorisation of Finance, Resources and Audit Committee:

Signed: Trustee, Resources & Audit Committee _____ Name: _____ Date:	Signed: Trustee, Resources & Audit _____ Name: _____ Date:
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