



**Astrea Academy Trust**  
INSPIRING BEYOND MEASURE

Date	September 2017
Written by	Finance Director
Adopted by Trust Board	
Adopted by LGB	
Review Date	September 2018
Consulted with NJCC	Not required

**Reserves/Investment Policy**

DRAFT

## **Purpose**

Astrea Multi Academy Trust is expected to create contingency reserves from their annual GAG funding or other income. During the early years of the Trust GAG Funding levels create little opportunity to achieve a surplus however it is the Board's intention to ensure financial controls which will deliver surplus through joint procurement, economies of scale and additional income generation.

The purpose of this policy is to outline the requirement for a revenue/capital reserve within Astrea Academy Trust in order to ensure development plans and strategic long terms aims are achieved. The reserves held are intended to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies.

This policy sets out how much the Trust needs to hold in reserve and why, how and when the reserves can be spent and how often the reserves policy will be reviewed.

## **Principles**

The following principles underpin this policy for the Trust:

1. Funding is passed from the DfE via Astrea's bank account to academies, less any contribution.
2. The Principals, with support and challenge from the Finance Team, will develop an expenditure profile to deliver curriculum, teaching and learning needs.
3. Academy budgets will be submitted each year and signed off by the Trust Board, via the Executive Board and Finance, Risk and Audit Committee, in accordance with the annual financial planning calendar (as outlined in the Scheme of Delegation and Financial Procedures Policy).
4. Monthly reporting of academies' financial results will be monitored and challenged throughout the year by Hub Finance Managers and the Finance Director to ensure academies are on target to deliver their agreed budget.
5. Any in year surplus becomes part of the central reserves.
6. Reserves of the Trust are considered to be funds that are deployed at the discretion of the Executive Board with appropriate Board approval, and within the Trust's scheme of delegation.
7. In year surplus monies can be deployed at the discretion of the Executive Board based on Astrea's Strategic Priorities, an assessment of local need, and in line with the Astrea Value Partners. Business cases can be submitted by academies to the Executive Team to request investment which has not been budgeted for; these business cases are for capital investment rather than operational running of the school. The Finance, Risk and Audit Committee will have oversight of the business cases approved by the Executive Board.
8. Only in exceptional circumstances will the Trust be allowed to use reserves to support a short term deficit. This must be approved by the Trust Board.

9. It is believed that £2,000,000 in reserves is deemed adequate to ensure the financial stability of the Trust at the date of this current policy. This figure will be reviewed on an annual basis.

### **Investment Management & Cash Holding**

Investment of cash will be managed by the central finance team.

Cash is held for 5 main reasons :

- a. Where the organisation is growing and needs to build capacity in advance of need.
- b. As a safety net against reduced funding to allow time for correction of any organisation structure, paying for any short term deficit and subsequent restructuring costs.
- c. To allow for investment in vital infrastructure and teaching/learning equipment on a needs basis.
- d. To meet any short term emergencies.
- e. Cash flow management to ensure employees and suppliers can be paid.

The target level of cash held and deployment will be reviewed and documented as part of the annual budget.

### **Investment of funds**

The priority is to avoid high levels of risk by ensuring any investment vehicle has adequate credit rating measured by Standard and Poor or another reputable credit rating agency. The Trust will avoid volatile investment instruments, ensuring security takes precedence over revenue generation.

The Trust, through its Finance Committee, will review investment of funds to ensure appropriate reflection of risk/reward at least an annual basis.

### **Risk Management**

The Trust's Finance, Risk and Audit committee will review the Investment / Reserves Policy on an annual basis and where appropriate make recommendations to the Trust Board.