



Exmouth
Community
College
Academy Trust

INVESTMENTS AND RESERVES POLICY

Policy Details	Date
Written by	Kim Dearsly
Reviewed by	Matt Burrell
Ratified by	Resources Committee
Date agreed by Governors	28.01.25
Review Cycle	Annual
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Introduction

This policy sets out principles for an effective approach to managing academy trust reserves. The guidance aims to be read in conjunction with [the Charity Commission's guidance on reserves](#). In addition, this policy is written with consideration to the ESFA guidance Academy Trust Reserves, available at the following link: <https://www.gov.uk/government/publications/academy-trust-financial-management-good-practice-guides/academy-trust-reserves>

The investment policy should address the following considerations:-

1. The need for enough resources for the charity to carry out its present and future activities effectively;
2. The level of acceptable risk and how to manage it; and
3. The charity's stance on ethical investment, if any

General Objectives

In order to maximise income and make best use of available surplus resources to generate extra income the Trustees will need to adopt the following objectives:

- Managing cash flow in order to balance investment and immediate income requirements enabling the Academy to carry out its purposes effectively in the short term.
- Maintaining and, if possible enhancing the value of the investment of unrestricted funds to help carry out its purposes in the longer term.
- Income from investments is to be used for furthering the Academy's aims.
- Ensure that Academy is not exposed to risks associated with 'medium or high risk investments' Refer to "investment parameters and exclusions"
- The investments are to be managed by the Resources committee with responsibility delegated to the Director of Finance & Resources.

Investment parameters

- The Assets under the Headteacher and Director of Finance and Resources supervision, shall be invested in a manner that is consistent with generally accepted standards of fiduciary responsibility. The safeguards which would guide a prudent person shall be observed.
- In general, the cash shall be invested in short term investment accounts, with an average duration of less than 1 year.
- FSCS protects eligible deposits with banks, building societies and credit unions that are authorised by the Prudential Regulation Authority (PRA) up to £85,000 per authorised institution. It's important to be aware that some banks and building societies could be part of the same banking group and so share a banking licence. This is important as FSCS protection is £85,000 per banking licence.
- Investment of cash in hand for short term periods will not be permitted without prior knowledge of a cash flow statement being undertaken for the period in question and knowledge of the Chair and Vice Chair and Accounting Officer. The Director of Finance and Resources must ensure that adequate funds remain in the current account to avoid the possibility of the account becoming overdrawn.
- In the event of the Director of Finance & Resources post being vacant no decision to incur large spends against the budget should be undertaken without reference to the investments in place at the time and consideration of the impact on cash flow without approval of the

Levels of Reserves

The Trustees are responsible for setting the level of reserves, the annual targets and releasing sums from the reserves. The Trustees aim to hold a minimum cash reserve of £1,000,000 equating to approximately one month's funding.

It is necessary to ensure that the Academy has reserves to cover future known commitments and uncertainties:

1. The need to have reserves to cover future fluctuations in income.
2. To cover the cost of winding up of some services
3. Good practice guidance about charitable reserves
4. The need to make provision for staff in terms of redundancy, if this should arise;
5. The need to cover future possible liabilities.

A separate document is reviewed and updated by the Director of Finance and Resources detailing the current planned expenditure from reserves. This document has also been reviewed by Governors.

Cash Reserves and Cash Surplus

The agreed reserves and cash surplus should be invested in interest bearing bank accounts, free from risk of loss and price fluctuation with a withdrawal notice period of less than one year or invested in individual fixed income securities such as bank investment accounts and other similar instruments with less than one year to maturity.

Other Securities

Will only be permissible with prior approval of the Resources.

Investment Review

The investment yields will be reviewed bi monthly against performance of the assets relative to the objectives and guidelines applicable to each investment.

Investment Decision

External advice will be sought from national recognised bodies ie banks, to inform the decision making process.

Where such investments take place, the Directors shall receive on a termly basis the following reports:

- 1) Portfolio performance results over the last term and year.
- 2) Anticipated end of year performance status report.

The Headteacher and Board will delegate responsibility to the Director of Finance and Resources who will make asset allocation decisions based on the particular needs, objectives of the college whilst ensuring at all times a low risk approach. All investment decisions will be communicated to the Chair, Vice Chair of Resources and the Headteacher and reported at the next available Resources meeting.

Review and Modification

This investment policy shall be reviewed annually to determine if modification are necessary or desirable.

This policy should be read in conjunction with the Equality Policy. No one will unlawfully be disadvantaged on the grounds of age, race or ethnicity, disability, gender and marital status, gender identity, sexual orientation, religion or belief under the operation of this policy.