



Investment and Reserves Policy

Date Created:	2 nd November 2016
Date Reviewed and Ratified:	Autumn 2017, Autumn 2018

INSPIRE MULTI ACADEMY TRUST

INVESTMENT AND RESERVES POLICY

AIMS

The aim of this policy is to ensure that funds which individual academies do not immediately need to cover anticipated expenditure are invested in such a way as to maximise income but without risk.

Our aim is to spend the public monies with which we are entrusted for the direct educational benefit of pupils as soon as is prudent. Inspire Multi Academy Trust does not consider the investment of surplus funds as a primary activity, rather it is the result of good practice as and when circumstances allow.

PURPOSE

1. To ensure adequate cash balances are maintained in the academy current accounts to cover day to day working capital requirements
2. To ensure there is no risk of loss in capital value of any cash funds invested
3. To protect the capital value of any invested funds against inflation
4. To optimise returns on invested funds

GUIDELINES

Regular cash flow reports are to be prepared and presented to Trustees in order they can be monitored to ensure there are adequate liquid funds to meet all payroll related commitments and outstanding creditors that are due for payment.

Where the cash flow identifies a base level of cash funds that will be surplus to requirements, these may be invested following approval from the Finance and Staffing Committee. Approval must be signed off by the Chair of the Committee and recorded in the committee minutes.

In making decisions regarding where and how any surplus funds should be invested, due regard will be given to risk.

INVESTMENT

Currently, surplus funds are considered for potential investment. Where a decision to invest is reached, an agreed amount of surplus funds is invested with the existing banker Lloyds in an instant access deposit account. Interest is received on an annual basis.

The Finance and Staffing Committee will receive a regular report as to the performance of the investment. This report will preferably be considered termly, or at least once per academic year.

The aim is to reach an appropriate level of reserve to allow Trustees to explore alternative investment possibilities with criteria being:

1. Investment with a different counterparty (in order to reduce counterparty risk);
2. Consideration of whether there should be a maximum level of investment with a single approved counterparty; and
3. A longer term investment with a higher return (but not high risk investments which are not in the best interests of the Trust).

RESERVES POLICY

The Trustees intend to build up a prudent level of reserves over a period of time and will review the reserves policy annually.

The target level of protected reserves will be 1-month worth of expenditure for the largest academy (presently Farringdon Academy) which currently amounts to approximately £200k. Trustees will therefore only consider investment where the reserve balance is greater than the minimum protected level indicated.

If Trustees agree to transfer academy reserves in to an investment fund, funds are transferred in accordance with the investment policy.

REVIEW

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