

RESERVES AND INVESTMENT POLICY

NOVEMBER 2018



PURPOSE

1. The Trust will retain a common reserve fund to mitigate any financial revenue and capital risk and to ensure the stability of the Trust as a whole and of our constituent Academies. The reserves may be allocated, when necessary, to support learning to ensure standards are improved and maintained.
2. The BEST Finance and Audit Committee is responsible for ensuring that our reserve fund is maintained sufficiently as described in this policy.
3. Spending requests (from constituent academies) must be considered by Finance and Audit Committee in line with the following stated priorities, and any subsequent recommendation must be minuted and made to the Board of Trustees who holds the final decision to proceed.
 - a) to address poor educational outcomes;
 - b) to fund any unavoidable in year operating deficit within our constituent academies;
 - c) for specific long-term maintenance needs to the existing buildings and facilities;
 - d) for any new facilities or infrastructure to meet student requirements.
 - e) to support a period where the Trust is growing.
4. The EFA have advised us that “Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.” In lieu of this the Trust will calculate its ‘free’ or general unrestricted reserves without setting aside designated reserves to cover the pension liability.

RESTRICTED, UNRESTRICTED AND DESIGNATED RESERVES

5. Restricted Reserves are represented by the main income for the Trust which is General Annual Grant (GAG), other grant contributions or donations that are received for a specific project or purpose. These funds are restricted for the use according to the funding agreements or donors instructions. Our policy will adhere to the grant conditions set out by the Education Funding Agency (EFA). Academies School Condition Allocations (SCA) and Capital Maintenance Funds (ACMF) will be managed centrally but outside the confines of the reserves policy.
6. Unrestricted Funds are made up of funds not specified in 5 above.
7. Designated Funds are unrestricted funds that have been assigned by the Board of Trustees for a particular purpose, usually related to the Trust’s Estate - for example major Capital Build or Refurbishment Projects.

LEVEL OF RESERVES

8. Free reserves, consisting of the General Funds and GAG Funds, are under ongoing review, always bearing in mind the need to maintain an appropriate level to cover any future shortfalls and to have funds which can be used for future educational purposes and objectives of the Trust. We are working toward sustaining a minimum of £750,000.

INVESTMENT OF RESERVES

9. The Trust will endeavour to invest its reserve funds wisely and with a low-risk philosophy to ensure funds not immediately required attract a healthy interest return. This will be done via longer-term high interest accounts.
10. The return on any such investments will be reported annually to the Board.

REVIEW OF POLICY

11. This policy and the allocation of funds pertaining will be reviewed by the Finance and Audit Committee on an annual basis normally in the autumn term to inform decisions when considering projected out-turn figures and first draft budgets for the following year.