

INVESTMENTS & RESERVES POLICY

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| Reference this policy is aligned to with LCC | **n/a** |
| Agreed with Support Staff Trade Unions | **n/a** |
| Adopted by the Governing Body | **Autumn Term** |
| Next Review Due | **Autumn Term** |
| Agreed with Teacher Trade Unions and Professional Associations | **n/a** |

### Aims

The aim of this policy is to ensure that funds which the Academy does 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 education benefit of students as soon as is prudent. The Academy 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.

Future plans need to be considered when setting the Academy’s budget, in particular any uncertainty over future income or the risk of unexpected calls on the Academy's funds, balanced with the current needs of the Academy.

In looking at future plans or projects, other spending needs might be identified that cannot be met from the income of a single year's budget alone. The identification of these factors might point to a need for reserves.

The Academy’s Investments & Reserve Policy is not regarded as a static policy as circumstances will change with time. Therefore this policy will be reviewed at least annually as part of the Academy's planning processes.

### Purpose

To ensure adequate cash balances are maintained in the current account to cover day to day working capital requirements.

To ensure there is no risk of loss in capital value of any cash funds invested.

To protect the capital value of any invested funds against inflation.

To optimise returns on invested funds.

### Process

Regular cash flow reports are prepared and 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 Operations Committee. Approval must be signed off 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.

Currently, surplus funds are held with the existing banker Lloyds TSB in our deposit account or a 3 or 6 month fixed bond, we will continue to review best options and suggest changes to the Operations Committee accordingly. Interest is received once the bond matures.

The monthly balance sheet shows the amount invested and the maturity date which is shared with the operations committee.

The aim is to reach an appropriate level of reserve to allow the management and the Operations Committee to explore alternative investment possibilities with criteria being:

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

### Setting of reserves

The Academy's level of reserves is expressed as a target percentage / figure and is informed by:

* Forecasts for levels of income for the current and future years, taking into account the reliability of each source of income
* Forecasts for expenditure for the current and future years on the basis of planned activity
* Analysis of any future needs, opportunities, commitments or risks, where future income alone is unlikely to be able to meet anticipated costs
* Assessment, on the best evidence reasonably available, of the likelihood of each of those needs that justify having reserves arising and the potential consequences for the Academy of not being able to meet them.

### Limit of reserves

The Academies financial handbook states: (2nd Sept 2021, section 5.58)

* ESFA previously set limits on GAG carried forward by trusts from year-to-year.
* These limits have now been removed for eligible trusts (see section 5.59).
* ESFA will report to DfE any trusts where it has serious concerns about a long-term substantial surplus with no clear plans for its use.

Welland Park Academy will continue to be transparent with regard to any reserves and carry forward within the annual accounts.

### Monitoring of reserves

The level of reserves will be monitored throughout the year as part of the normal monitoring and budgetary reporting processes to:

* Identify when reserves are drawn on, the reasons and corrective action, if any, that needs to be taken
* Identify when reserve levels rise or fall significantly above or below target, the reasons and any corrective action, if any, that needs to be taken
* Ensure that the reserves policy continues to be relevant as the Academy develops or brings on board new activities, plans
* Review the statement on reserves in the Trustees' Annual Report where there have been significant changes in the reserves policy or level of reserves held.

### Reserve levels

The Academy believes that the funding received in any one year should be used to support the children on roll at the time unless there is a specific project which will require the accumulation of funding over more than one year. We also wish to ensure the stability of our organisational operations and so, reserve levels should enable us to react quickly to changes in financial circumstances, for example, large unplanned expenditure.

Currently our income funds are sitting at £**TBC**. This is made up of **TBCk** of restricted income and £**TBCk** of unrestricted income as at 31st August 2023.

As a minimum, ideally, WPA plans to hold a minimum of just under 1 month salary & operational expenditure which is approximately £230-250k, due to the size of the capital projects we have on in 2022/23 we have agreed with FGB to have a minimum level of reserves £100k.

**Current Plans:** (Linked to school development plan, Sept 2023)

* We are currently trying to save to contribute towards dining room growth along with an improvement to toilets.
* We then have long term projects to improve the facilities in:
  + Octagonal hall.
  + All-weather pitch (AWP) growth/maintenance.
  + Maintaining all facilities which had been funded/part funded through the various charities.
  + Improving the whole schools Electrics, considering a substation.
  + Continue to improve the heating and hot water pipework.

### Review

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

### Reserve spending approval

\*Governors are presented termly with a ‘Reserves Plan’ which is updated ongoing.

\*\*All changes are approved before actioned.

There is a spreadsheet that looks like this, that is an agenda item on the Finance & Ops agenda.

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| --- | --- | --- | --- |
| **FINANCE PLANS 2023-24 (xx.xx.xx)** | | | |
|  |  |  |  |
| **INCOME / RESERVES** | **AMOUNT** | **COST CENTRE** | **COMMENTs/NOTEs** |
| 2019-20 reserves |  | 005I01 |  |
| 2020-21 predicted reserves |  | 005I01 | Trying to be conservative where possible, hoping it will be higher |
| **Total:** |  |  |  |
|  |  |  |  |
| **PLANNED EXPENDITURE** | **AMOUNT** | **COST CENTRE** |  |
| Science Gas issue in B2 (4.5k) |  | 16243 | Moved to Boiler house project. |
| Drainage - Full Site Survey |  | 16245 |  |
| **Total:** |  |  |  |
|  |  |  |  |
| **Overall total:** |  |  |  |