



RESERVES & INVESTMENT POLICY

Reviewed by:	Full Trust Board
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Next Review Date:	May 2026

Reasons for Reserves

The Trustees aim to demonstrate prudence and good financial planning to cover the unexpected and unplanned in order to protect delivery of the academy's primary objectives under unforeseen circumstances. Trustees may also set aside reserves for investment in future years (e.g. to improve or expand facilities).

Risk Assessment

The key financial risks for CAMPFIRE EDUCATION TRUST are a reduction to future income due to Government/LA funding changes and/or falling pupil roll or delays in receipt of grant funding.

Other financial risks include emergencies such as urgent maintenance issues, the cost of early teacher retirement due to ill health, changes in pension liabilities, and redundancies due to drop in income and/or falling student numbers.

The financial risks and uncertainties facing CAMPFIRE EDUCATION TRUST continue to change particularly given the growth plans of the trust. Trustees keep these risks under review. Trustees mitigate those risks by maintaining an appropriate level of reserves. The Trustees and Senior Leaders are acutely aware of the need to balance financial prudence with maintaining the top-quality special education CAMPFIRE EDUCATION TRUST prides itself on. The three-year strategic budget plan has been drawn up with predictions for future funding levels and reserves are a critical part of the plan to ensure the future sustainability of the trust and the individual schools within it.

Reserves Policy

To safeguard against potential delays in funding and fluctuations in High Needs Top-Up allocations, the Trustees deem it prudent to maintain a free reserve equivalent to at least 5% of total revenue income (TRI). Additionally, they aim to gradually increase this reserve to 8% of TRI over the next three years, providing financial resilience against future income reductions and establishing a dedicated fund for investment. Further reserves may be set aside at the Trustees' discretion, reviewed and determined annually.

Reserves are determined with reference to the in-year and cumulative financial performance of the trust, the individual schools within the trust and an assessment of the key risks and future investment requirements.

Investment Policy

The Department for Education (DfE) acknowledges that academies are able to make investments and these investments can be a good source of funding but can also expose schools to risks.

A financial investment is when an investment of funds is made to get the best financial return within the level of risk considered to be acceptable. The Charity Commission advises that Trustees have several legal responsibilities when making financial investments.

They must:

- Know and act within their powers to invest.
- Exercise care and skill when making investment decisions.
- Select investments that are right for the school. This means taking account of:
 - The suitability of any investment in relation to the school's needs.
 - The need to manage risk and consider suitable diversification.
- Take advice from someone experienced in investment matters unless they have good reason for not doing so.
- Follow certain legal requirements if they are going to use someone to manage investments on their behalf.
- Review investments periodically.
- Explain their investment policy in their annual report.

Trustees must be clear about what they aim to achieve through financial investment. They must consider exactly what they want to do, how they intend to do it and what the timescale will be. They

must also consider the MAT's long- and short-term financial commitments as well as its expected income.

The MAT's Articles of Association permit the Trustees to make investments

Risk

A certain degree of risk is associated with all investments and Trustees must do all they can to manage risk levels. Before any investment decisions are made, Trustees must consider the level of risk they are able to accept. They must be satisfied that the overall level of risk they are taking is appropriate for every academy in the MAT. Losses may result in a low return on an investment, or the complete loss of all money invested. If this occurs, Trustees should review their approach to risk and take the opportunity to learn from their experiences.

Policy Statement

This policy governs the investment strategy of the CAMPFIRE EDUCATION TRUST and all establishments that constitute the trust. The charitable funds of the MAT are derived from direct government grants and these funds are defined as restricted. Additional charitable funds are generated through the operational nature of the MAT's work, such as providing education, training and development; these funds are defined as unrestricted.

The trustee of these funds is the MAT, managed by its Board of Trustees. Therefore, there is a sole corporate body/trustee with responsibility for managing and administering the assets of the charitable funds and investments.

The management of charitable funds and investments will comply with the requirements of the:

- Charities Act 2011
- Trustee Act 2000
- Financial Services and Markets Act (FSMA) 2000
- Charity Commission Guidance Notes CC14
- Education Skills & Funding Agency Academy Trust Handbook (currently in force)

CAMPFIRE EDUCATION TRUST takes a prudent approach to managing the public money entrusted to them. They will carefully invest any money that is not required to cover anticipated expenditure and take steps to manage the risk associated with financial investments.

Scope of Policy

This policy applies to all Trustees, academy representatives and employees of the MAT; a breach of the investment policy and procedure may result in disciplinary action.

The Trust Board is responsible for monitoring adherence to this policy, the appointment of investment advisors/managing agents, and for deciding changes between the proportions of funds invested in common investment funds and/or liquid investments (Cash Deposits).

The Accounting Officer and Chief Finance Officer (CFO) are responsible for ensuring that the policy is followed for all investments held.

The CFO is authorised to withdraw and deposit funds from and into liquid investments (Cash Deposits) to meet immediate working capital requirements.

Objectives and targets

The purpose of this policy is to ensure that any surplus funds are invested well so that they achieve the best financial returns with the minimum risk.

Strategic plan

Adequate cash balances must be maintained to ensure that there are always sufficient funds in the trust's current account to cover financial commitments such as payroll and day-to-day expenses. Surplus funds not needed within an initial 90-day period will be considered for investment in line with the trust's cash flow forecast.

Short term funds expected to be required within a 12-month period should be held in liquid investments and invested in tranches of up to £100,000, after approval from the Trust Board. It may be beneficial to invest each tranche with a different financial institution. Funds, and any interest they earn, will be automatically reinvested, unless they are required for immediate or anticipated expenditure.

When selecting a suitable investment, the financial strength of the financial institution should be considered within the assessment of the overall suitability. The Trust Board has agreed that for liquid investments (Cash Deposits) the following institutions shall be considered suitable:

- Banks having a credit rating of no lower than A-/A3 or building societies having net equity attributable to members of £2,000m or above as long as such institutions are authorised by the Prudential Regulation Authority
- Other banks and building societies authorised by the Prudential Regulation Authority save that the maximum amount invested with any one such institution shall not exceed the compensation limit set by the Financial Service Compensation Scheme (£85,000 as at 30 January 2017).

It is not anticipated that there will be any funds available for longer term investment during the academic year 2025-26. Annually we will consider new approaches towards an investment strategy in line with our strategic aims.

Monitoring and evaluation

The CFO or delegated person will compare alternative investment opportunities every six months to ensure that the trust's funds achieve the acceptable interest rates.

Actions taken will be reported to the Board of Trustees biannually and the MAT's annual report and financial statements will describe the investment policy used to select the MAT's investments as well as reporting on the performance of investments.