Three Counties Academy Trust

Reserves and Investment Policy

#FI3

Last amended 29th September 2026 (v1.0)

Policy lifespan: 3 years. Subject to annual compliance check. Next full review 28th September 2029.

Version history

Date	Version	Details	Actioned by	PDF to Websites	Word to Governor Hub
29.09.26	1.0	Formatted to house style and checked against model for updates	MF	✓	✓

Contents:

Policy abbreviations and acronyms

CFO	Chief Financial Officer
DFE	Department for Education
GAG	General Annual Grant
PFI	Private Finance Initiative
TCAT	Three Counties Academy Trust

NB. Where the term "parent" or "parents" is used this includes those who act as carers or have parental responsibility.
NB. Staff roles noted within this policy may also include those staff performing that role in an 'Acting' capacity.

Statement of intent

Three Counties Academy Trust (TCAT) is committed to maintaining sound, responsible and sustainable financial management to support the continued delivery of high-quality education across the Trust. This policy establishes the framework through which TCAT will manage our reserves and investments, ensuring that sufficient financial resources are available to protect TCAT's operations, manage financial risk and support our strategic priorities.

TCAT recognises the importance of maintaining an appropriate level of reserves to provide financial resilience against unforeseen circumstances, fluctuations in income and expenditure, and other risks that could affect our ability to meet our obligations. Reserves will also support effective cash flow management and, where appropriate, enable TCAT to plan for significant future expenditure and strategic investment.

The level and use of reserves will be informed by an assessment of the financial and operational risks facing TCAT and will be reviewed regularly as part of TCAT's financial planning and budget-setting processes. Relevant risks may include changes in pupil numbers, changes to national funding arrangements, unexpected or emergency expenditure, staffing and restructuring costs, significant premises or capital requirements, and other circumstances that could have a material impact on our financial position.

TCAT will seek to achieve an appropriate balance between retaining sufficient reserves to provide financial security and ensuring that available resources are used effectively to benefit current and future pupils. TCAT will not accumulate reserves without clear purpose and will ensure that decisions concerning the retention, designation or use of reserves are aligned with our educational priorities, strategic plans and responsibilities as a charitable company and academy trust.

Where funds are available for investment, TCAT will adopt a prudent approach that prioritises the security and accessibility of public funds while seeking an appropriate return. Investment decisions will take account of risk, liquidity requirements, value for money and TCAT's anticipated cash flow needs and will be made within the parameters established by this policy and the requirements applicable to academy trusts.

Through this policy, the Trust Board seeks to ensure that TCAT remains financially resilient, is able to respond appropriately to emerging risks and opportunities and manages its resources responsibly in support of our long-term educational and strategic objectives.

Member, Trustee, Local Governor and Staff Summary

Purpose

- Explains how Three Counties Academy Trust (TCAT) manages reserves and investments to protect financial stability and support high-quality education across TCAT
- Ensures public funds are used responsibly, transparently and in accordance with academy trust and charity requirements
- Sets out how reserves are maintained, monitored and used to support both current operations and future strategic priorities
- Establishes the principles governing investment decisions and the management of financial risk

Why Reserves Matter

- Reserves provide financial resilience against unexpected costs, funding changes and other financial risks
- They help ensure schools can continue operating effectively during periods of financial uncertainty
- Reserves support cash flow management so that financial commitments can be met when they fall due
- They enable TCAT to plan for future investment, estate improvements and strategic development
- Reserves ensure resources are available to support pupils both now and in the future

Types of Reserves

- Unrestricted reserves can be used at the discretion of the Trust Board to support TCAT priorities
- Restricted reserves must be used only for the specific purposes for which the funding was provided
- Designated reserves are funds set aside by the Trust Board for a defined future purpose
- Pension-related financial liabilities are considered as part of wider reserve planning and financial sustainability arrangements

Roles and Responsibilities

- Members provide assurance that effective governance and financial stewardship arrangements are in place
- Trustees are responsible for determining reserve levels, approving investment decisions and ensuring financial sustainability
- The Finance, Audit and Risk Committee monitors reserves and makes recommendations to the Trust Board

- The Chief Financial Officer monitors reserve levels, reports concerns and supports financial planning
- Local Governors maintain oversight of how financial decisions support educational outcomes within their schools
- Staff contribute to the effective and responsible use of financial resources through approved systems and procedures

Managing Reserves

- Reserve levels are based on financial forecasts, risk assessments and future plans
- TCAT maintains a minimum unrestricted reserve equivalent to one month's gross salary costs
- If reserves fall below the minimum level, action will be taken to rebuild financial resilience
- Reserve levels are reviewed regularly to ensure they remain appropriate and aligned with TCAT's objectives
- Decisions to add to, use or reallocate reserves are subject to appropriate governance and oversight

Investment Principles

- Investments will only be considered where sufficient funds are available beyond operational requirements
- The security of public funds takes priority over maximising financial returns
- Investment decisions will be prudent, evidence-based and focused on value for money
- Professional advice will be sought where appropriate
- High-risk or speculative investments, including crypto assets, will not be used
- Investments must align with TCAT's values and reputation and comply with relevant academy trust and charity requirements

Financial Reporting and Transparency

- The Trust Board reports on reserves and investments through the annual report and accounts
- Information about reserve levels, designated funds and future plans is published in accordance with regulatory requirements
- Significant movements in reserves are reviewed and explained through governance processes
- Investment decisions are recorded and monitored to maintain transparency and accountability

Pooling Reserves Across TCAT

- TCAT operates pooled financial arrangements to support all constituent academies
- Pooled reserves help address funding differences between schools and support strategic priorities
- Funding may be directed towards school improvement, estates investment or Trust-wide priorities
- Decisions regarding pooled funding are subject to governance oversight and an established appeals process

1. Legal framework

This policy has due regard to all relevant legislation and statutory guidance including, but not limited to, the following:

- DFE 'Academy trust handbook'
- DFE 'Academy trust financial management good practice guides'
- Charity Commission 'Charity reserves: building resilience'
- Charity Commission 'Charities and investment matters: a guide for trustees'

Where legislation has been passed or updated during the shelf life of this policy, we will always apply the latest version available irrespective of the version quoted here.

This policy operates in conjunction with the following policies and school documents:

- Articles of Association
- Master Funding Agreement
- MAT Financial Procedures Policy (FI5)
- Conflicts of Interest Policy (GN13)

Central TCAT policies have the policy number identified, e.g. "SG1". Where no policy number is identified this indicates the policy is a school specific policy available from an individual TCAT school's website.

2. Roles and responsibilities

The Trust Board is responsible for:

- Ensuring TCAT's reserves are maintained and used only as described in this policy
- Ensuring that appropriate financial controls and risk management procedures are in place
- Identifying when reserves need to be drawn on, so that they understand the reasons for this and can identify any corrective actions that need to be taken

- Identifying any broader, long-term financial problems that mean the reserves are frequently used or are below the minimum level
- Acquiring approval from the DFE for novel, contentious and/or repercussive investments
- Seeking appropriate advice as required for the use of reserves and when TCAT is considering investments
- Authorising the transfer of investment funds to an interest-bearing deposit account
- Ensure value for money when deciding to invest funds
- Ensuring that exposure to investment products is tightly controlled so that the security of funds takes precedence over revenue maximisation.
- Ensuring that investment decisions are made in the best interests of TCAT
- Maintaining a record of investment decisions and how the Trust Board reached them
- Maintaining TCAT as a going concern

The Finance, Audit and Risk Committee is responsible for:

- Making financial recommendations to the Trust Board
- Carrying out any other responsibilities in line with the relevant scheme of delegation
- Adhering to and implementing this policy

The Chief Financial Officer (CFO) is responsible for:

- Regularly monitoring TCAT's reserves and reporting to the Trust Board or the Finance, Audit and Risk Committee accordingly
- Reporting the explanations for any shortfall or excess in reserves
- Comparing the amount of reserves held with the minimum and maximum limits set out in this policy
- Reporting any actions being taken or planned to bring reserves in line with the minimum and maximum limits
- Transferring investment funds to an interest-bearing deposit account, with the authorisation of the Trust Board

3. The purpose of reserves

Reserves will have a specific purpose, in line with TCAT's objectives, relating to future spending or covering current and future risks. The purposes for holding reserves will be kept transparent.

Reserves will be held to ensure that unexpected financial events do not cause problems in the current year or cash flow issues or generate a deficit. The purposes for holding reserves may include the following:

- Managing cashflow and ensuring that TCAT can manage fluctuations in income by making sufficient cash available to pay bills and expenditure items as they fall due
- Setting aside a contingency amount to cover any unforeseen issues or extra costs throughout the year
- Building, estates, or non-building capital projects and growing savings to enable maintenance, development and improvement of TCAT's infrastructure
- Developing and growing TCAT and ensuring TCAT's financial health
- Preparing for future change and uncertainty

4. Types of reserves

Unrestricted reserves

Unrestricted reserves, which include income funds, grants and donations, will be spent at the discretion of the Trust Board in furtherance of TCAT's objectives.

Not all of TCAT's unrestricted funds, however, will be readily available for spending due to potential adverse impact on the ability of TCAT to deliver its aims. In line with this, the following items will be excluded from reserves:

- Tangible fixed assets used to carry out the TCAT's activities, e.g. land and buildings
- Programme-related investments held solely to further TCAT's purposes
- Other restricted funds where the donor or grantor has specified the purpose to which the grant or donation must be applied
- Designated funds set aside to meet essential future spending, e.g. funding a project that could not be met from future income
- Commitments that have not been provided for as a liability in the accounts

Restricted reserves

Restricted reserves, which may include restricted income funds, grants or donations, will be spent or invested in furtherance of TCAT's objectives or assets, or spent where the donor has expressed the nature of expenditure.

Restricted reserves may be endowment funds, where the funds or assets are required to be invested or retained for actual use, rather than spent.

Designated reserves

A sum of unrestricted or restricted reserves may be separated and designated a particular purpose, therefore becoming a ‘designated reserve’, e.g. to purchase a new asset.

Designated reserves are labelled this way for administrative purposes only and can still be spent at the discretion of the Trust Board.

Where a designated reserve has been created, the Trust Board will provide a purpose and a timeframe for spending it.

Pension reserves

The risks surrounding pension liabilities will be taken into account when calculating the minimum and maximum levels of reserves stated in section 5.

The Trust Board will assess the required pension contributions from projected future income without significantly impacting its planned level of activity.

TCAT aims to calculate its reserves without the need to set aside a designated reserve to cover pension liability.

5. Managing reserves

The Trust Board will identify why TCAT should hold reserves and, having identified its needs, will decide how much should be held to meet them.

In deciding the level of reserves to maintain, the Trust Board will consider:

- The size of TCAT
- TCAT’s estates strategy
- TCAT’s future plans
- Upcoming risks and opportunities

The target level of reserves will be informed by:

- TCAT's forecasts for levels of income for the current and future years, taking into account the reliability of each source of income and the prospects for developing new income sources
- TCAT's 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 likely to fall short of the amount of the anticipated costs
- An assessment, on the best evidence reasonably available, of the likelihood of a shortfall arising which means that reserves are necessary, and the potential consequences for TCAT of not being able to make up the shortfall

The financial risk to TCAT will be balanced alongside our vision to maintain the highest levels of education.

TCAT's Reserves and Investment Policy requires unrestricted reserves to be maintained at a minimum level equivalent to one month's gross salary costs. Where reserves fall below this threshold, TCAT will implement a reserve recovery plan and prioritise the generation of annual surpluses to rebuild reserves to the approved minimum level. The Trust Board will monitor progress against this target regularly and ensure that financial decisions support the long-term financial sustainability of TCAT.

Reserves will be reviewed and monitored by the Finance, Audit and Risk Committee on a termly basis to identify any trends in spending and to rectify issues where they arise. Where reserves during the year are below target or exceed target, the Finance, Audit and Risk Committee will consider whether this is due to a short-term situation or a longer-term issue. A broader review of finances and reserves will be undertaken if necessary, and action will be taken where appropriate to replenish or spend reserves.

As part of the normal monitoring and budgetary reporting processes, the Trust Board will:

- Identify when reserves are drawn on so that they understand the reasons and can consider the corrective action, if any, that needs to be taken
- Identify when reserve levels rise significantly above target so that they understand the reasons and can consider the corrective action, if any, that needs to be taken
- Regard the ongoing review of the reserves target, the reserves level and the reserves policy as part of managing TCAT
- Ensure that this policy continues to be relevant as TCAT develops or changes its strategy and activities

- Review the statement on reserves in their annual report where there have been significant changes in this policy, or the level of reserves held

Reserves in excess of the maximum limit will be reviewed by the Trust Board, who may release funds into the revenue budget in furtherance of TCAT's objectives or re-invest the funds to generate extra income for TCAT's activities.

The movement of funds to and from the reserve budget will be at the discretion of the Trust Board, or the Finance, Audit and Risk Committee where delegated authority has been provided.

Any deviation from this policy, where necessary and appropriate, will be minuted by the Trust Board.

6. Investment

TCAT will aim to manage its cash balances to provide for day-to-day financial management.

Where there are sufficient funds to meet all of TCAT's financial commitments, and surplus funds in excess of one month's gross salary commitments, TCAT will seek to optimise returns by investing. TCAT will manage conflicts of interest in relation to investment in line with the Conflicts of Interest Policy.

Where TCAT decides to invest, the investment risk will be properly managed. When considering an investment, the Trust Board will:

- Act within its powers to invest as set out in its articles
- Manage and track its financial exposure and ensure value for money
- Exercise care and skill in investment decisions, taking advice as appropriate from a professional adviser
- Ensure that exposure to investment products is tightly controlled so that the security of funds takes precedence over revenue maximisation
- Ensure that investment decisions are in the best interests of TCAT
- Ensure that reserves are invested in a way that can readily be realised as cash, when needed

The Trust Board will keep and maintain a record of its investment decisions and how it reached them. Decisions about investments will be delegated to a suitable individual or body, e.g. an investment manager or collective investment fund, where appropriate. Professional advice will be obtained before making and reviewing investments, unless there is a good reason not to.

TCAT will adhere to the Charity Commission's guidance for trustees about investments and seek prior approval from the DfE for investments of any value that are novel, contentious or repercussive.

Where the Trust Board has agreed on an amount to be invested, the CFO will be authorised to transfer the funds to an interest-bearing deposit account.

Invested funds will be reported to the Finance, Audit and Risk Committee at the next available meeting, outlining the maturity date and interest rate achieved.

On maturity, the CFO will review the position and re-invest in line with this policy, where required.

To minimise and limit the risk of investment, TCAT will:

- Invest in markets where financial services are closely regulated
- Adopt a suitably diversified portfolio
- Avoid speculative forms of investment

TCAT will not invest in any organisation that conflicts with TCAT's values, could bring TCAT's reputation into disrepute, or that are high-risk, e.g. crypto assets.

7. Reporting

The Trust Board will disclose in its annual report its policy for building and maintaining reserves and investments and will include the information required in line with the Academies Accounts Direction for the relevant reporting year.

TCAT will disclose information about reserves in its annual report. This will include a review of reserves and details of:

- Where funds are restricted and not available for the general purpose of TCAT
- Any amount designated and the reason why
- Any amount that can only be realised by disposing of a tangible fixed asset
- The amount of reserves held after making allowances, the plans in place for the future of these reserves, and the likely expenditure date

- How the amount of reserves held compares to that which is set out in the Managing reserves section of policy and any steps taken to bring the level of reserves held into line with this

8. Pooling reserves

The Trust Board has decided to pool TCAT's reserves for the purposes of meeting the running costs of any constituent academy within TCAT.

The Trust Board will use pooled reserves within TCAT in the following circumstances:

- To smooth out disparities in funding between academies
- To direct funds to specific academies which are required to raise educational standards
- To direct funds to academies which require investment in facilities
- To direct funds to facilitate the policies of TCAT which are being implemented to support TCAT's vision
- To redistribute funds from academies with more funding to those with less funding

All GAG receipts from academies within TCAT will be allocated to the Central Finance Team to form one funding pot. The decision to pool GAGs is reviewed annually by the Trust Board and at each point a new academy joins TCAT . TCAT will not pool private finance initiative (PFI) funding.

TCAT will consider the funding needs and allocations of each constituent academy within TCAT.

A separate pooled funding appeals process will be drawn up and approved by the Trust Board and communicated to all academies within TCAT. TCAT's internal appeals process will be applied at all times during an appeal. In the case that an academy's Executive Headteacher/Headteacher/Head of School feels the academy has been treated unfairly; they will appeal to TCAT using its appeals mechanism. If the grievance is not resolved, the Executive Headteacher/Headteacher/Head of School can appeal to the Secretary of State via the DfE. TCAT will provide any evidence to the DfE that it feels is relevant to an appeals case.

Monitoring and review

Lifespan of Policy: 3 Years

At any point this policy is updated or fully reviewed, it will be updated on the main TCAT website and will automatically update on all TCAT school websites simultaneously.

Where an annual check or other check results in minor changes, the Version History will be reviewed and updated with a change in the number following the decimal point, for example, v1.1 ⇨ v1.2. Where the policy is reviewed in full, then the number before the decimal point will change and reset, for example v1.4 ⇨ v2.0.

Any changes made by the CEO in collaboration with the Board Appointed Trustee will be passed to the Trust Board for ratification and subsequently be notified to Clerks to Local Governing Bodies and Headteachers/Heads of School.

The next scheduled full review date for this policy is 28th September 2029.

Date approved by the Board Appointed Trustee: 29th September 2026.

To be ratified and recorded in the minutes at the first Trust Board Meeting after 29th September 2026.

Trust Glossary

AA	Admissions Authority	**H&S**	Health and Safety
AAI	Adrenaline Auto-Injector (Epi Pen)	**HoS**	Head of School
ACM	Asbestos Containing Materials	**HSE**	Health and Safety Executive
AHT	Assistant Headteacher	**ICO**	Information Commissioners Office
AIR	Attendance Intervention Reviews	**IDSR**	Inspection Data Summary Report
APDR	Assess Plan Do Review Cycle	**IHP**	Individual Healthcare Plan
APIs	Application Programming Interfaces	**IRMS**	Information and Records Management Society
ASC	Autistic Spectrum Condition	**IWF**	Internet Watch Foundation
ASP	Analyse School Performance	**KCSIE**	Keeping Children Safe in Education
ATH	Academy Trust Handbook	**KS1/2/3/4**	Key Stage 1/2/3/4
BAME	Black, Asian and Minority Ethnic Backgrounds	**LAC**	Looked After Child
BAT	Board Appointed Trustee	**LADO**	Local Authority Designated Officer
BCP	Business Continuity Plan	**LGB**	Local Governing Body
BFR	Budget Forecast Return	**LLC**	Low-Level Concerns
CEO	Chief Executive Officer	**LSA**	Learning Support Assistants
CFO	Chief Financial Officer	**MASH**	Multi-Agency Safeguarding Hub
CIF	Condition Improvement Fund	**MAT**	Multi-Academy Trust

CIN	Child in Need	**MFA**	Multi-Factor Authentication
CLA	Children Looked After	**MFL**	Modern Foreign Language
CMIE	Child Missing in Education	**NCSC**	National Cyber Security Centre
COO	Chief Operating Officer	**NoV**	Note of Visit
COSHH	Control of Substances Hazardous to Health	**NPQ**	National Professional Qualifications
CP	Child Protection	**PA**	Persistent Absence
CPD	Continuing Professional Development	**PAN**	Published Admission Number
CPOMS	Child Protection Online Management System	**PECR**	Privacy and Electronic Communications Regulations
CSCS	Children's Social Care Services	**PEP**	Personal Education Plan
CSE	Child Sexual Exploitation	**PEEP**	Personal Emergency Evacuation Plan
CTIRU	Counter-Terrorism Internet Referral Unit	**PEx**	Permanent Exclusion
CWD	Children with Disabilities	**PP**	Pupil Premium
CYPMHS	Children and Young People's Mental Health Services	**PPG**	Pupil Premium Grant
DBS	Disclosure and Barring Service	**PSHE**	Personal, Social and Health Education
DDSL	Deputy Designated Safeguarding Lead	**PSED**	Public Sector Equality Duty
DfE	Department for Education	**PTFA**	Parent, Teacher and Friends Association
DHT	Deputy Headteacher	**QA**	Quality Assurance

DSE	Display Screen Equipment	**RIDDOR**	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
DSL	Designated Safeguarding Lead	**RHE**	Relationships and Health Education
DPO	Data Protection Officer	**RPA**	Risk Protection Arrangement
EAL	English as an Additional Language	**RSHE**	Relationships, Sex and Health Education
ECT	Early Career Teacher	**SA**	Severely Absent
EDIB	Equality, Diversity, Inclusion and Belonging	**SALT**	Speech and Language Therapist
EHA	Early Help Assessment	**SARC**	Sexual Assault Referral Centre
EHCNA	Education, Health and Care Needs Assessment	**SBM**	School Business Manager
EHCP	Education, Health and Care Plan	**SCC**	Standard Contractual Clause
EHE	Elective Home Education	**SCITT**	School-Centred Initial Teacher Training
ELSA	Emotional Literacy Support Assistant	**SCR**	Single Central Record
ESFA	Education and Skills Funding Agency	**SDP**	School Development Plan
EVC	Educational Visit Coordinator	**SDQ**	Strengths and Difficulties Questionnaire
EWOSSO	Education Welfare and Safeguarding Support Officer	**SEF**	Self-Evaluation Form
EYFS	Early Years Foundation Stage	**SEMH**	Social, Emotional, and Mental Health
FBV	Fundamental British Values	**SENCO**	Special Educational Needs Coordinator
FFT	Fischer Family Trust	**SEND**	Special Educational Needs and Disabilities

FGM	Female Genital Mutilation	**SIP**	School Improvement Partner
FGMPO	FGM Protection Order	**SLA**	Service Level Agreement
FOI	Freedom of Information	**SLCN**	Speech, Language and Communication Needs
FSM	Free School Meals	**SLT**	Senior Leadership Team
FTS	Find a Tender Service	**SPOC**	Single Point of Contact
GAG	General Annual Grant	**STEM**	Science, Technology, Engineering and Maths
GDPR	General Data Protection Regulation	**TA**	Teaching Assistant
GIAS	Get Information about Schools	**TAC**	Team Around the Child
HASH	Herefordshire Association of Secondary Heads	**TCAT**	Three Counties Academy Trust
HBA	Honour Based Abuse	**TUPE**	Transfer of Undertakings (Protection of Employment)
HR	Human Resources	**VSH**	Virtual School Headteacher