



POLICY F9	RESERVES AND INVESTMENT
STATUS/DATE OF THIS VERSION	Review May 2026
APPROVED BY	Finance and Audit Committee
RATIFIED BY	Trust Board
REVIEW	May 2027

Reserves Objectives 2025-26

The policy of the Trust is to carry forward a prudent level of revenue reserves designed to meet its short-term cash flow needs, whilst also managing the longer-term cyclical needs of planning, and any capital investment that may be required. The policy is subject to the constraint that the level of reserves does not exceed the level permitted by the DfE within the Academy Trust Handbook ; currently there are no limits imposed by the DfE.

It is the policy of UET to have levels of reserves which are neither so high that they tie up money which should be spend on current Trust/school activities nor so low that they put future activities of the Trust/schools at risk.

The levels of reserves will be reviewed and set on an annual basis as part of the budget setting process.

The Finance and Audit Committee may recommend to the Board of Trustees a single figure or separate figures for each school or different kinds of reserves and, in doing so, will have regard to factors including:

- the risks of unforeseen emergencies or other unexpected needs for funds;
- unforeseen day-to-day operational costs, such as the need to employ temporary staff to cover for long-term sickness;
- a fall in a source of income, during the year (eg lettings);
- planned commitments that cannot be met from future income alone, including funds set aside for major capital projects and the possibility of match-funding being required for projects supported by separate capital grants or donations;
- the need to fund temporary cash-flow deficits, to meet expenditure required before a funding grant is received.

Academy reserve levels

Academies will maintain **operational** and **strategic** reserves.

Operational reserves are to enable individual academies to manage fluctuations in their normal operating income and expenditure. Utilisation of these reserves will be at the discretion of the academy in consultation with the CFO/CEO and part of the annual budget setting process and agreement of Trustees. The operational reserve target should generally be 5% of current year GAG income. Where an academy's operating reserve is forecast to fall outside of these parameters, the Trust will work with the academy to bring the reserve into line over an agreed time period. Positive operational reserves remaining at the financial year-end are carried forward to the following year and can be taken into account in the budget-setting process.

Strategic reserves are maintained to manage the wider financial risk profile of the Trust and to allow for larger planned expenditure which would fall outside of the parameters of an academy's operational budget.

Academies are expected to maintain strategic reserves at a level of 2.5% of current year GAG income. It is noted that academies may not be able to achieve this target range – challenges such as fluctuation in pupil numbers, long periods of staff absence and challenges around school improvement, for example, may mean that the academy has to focus on maintaining its operational reserve only. However, if strategic reserves do fall below the threshold in an academic year, it would be expected that the budgeting process for the following year would include a contribution towards increasing the reserve going forward.

Academies own their strategic reserve monies in the same way as they own budget surpluses or deficits. Strategic reserves will be managed so that they are accessible in response to need, but also opportunities, in individual academies and across the Trust as a whole.

Academies may apply to access their own strategic reserve and, if necessary, seek additional funding if their own reserves are not sufficient for the planned level of expenditure. Allocations will be subject to the approval of the Trust Board on the recommendation of the CEO and Trust Directorate. Academies which receive an allocation will be required to agree a repayment profile which returns the academy to a positive reserve position within a fair and reasonable timeframe. The CEO may also access strategic reserves to make a central appointment to support one or a group of schools if this is required. Approval of such appointments will be through the Trust Board and a repayment profile will be agreed as above.

If, in exceptional circumstances such as the closure of an academy, the Trust Board finds it necessary to write off an allocation made to that academy, the funds written off will be recovered from income earned by the Trust from the investment of cash balances and not from the reserves of other academies.

The Finance and Audit Committee will receive an annual report on strategic reserve funds.

The reserves policy will be monitored regularly for any changes in legislation or directions from the DfE and evaluated in the light of comments made by the DfE, auditors and other interested parties.

The annual accounts for 2024-25 have total revenue reserve levels of £8,639,487 including balances from specific grants of £683,738. Target operational and strategic reserve amounted to £647,962 for the same period. There are significant variations from school-to-school. Each academy continues to own its own deficit or surplus and those with deficits work to budget plans designed to reduce and eventually eliminate their deficits. Beeston Primary School has a deficit as at 31.8.2025 but will clear this during the 2025/26 academic year.

The CEO has overall responsibility for “managing and regularly reviewing the use of available resources, including human resources, so as to improve students’ learning and achievement”. As Accounting Officer, the CEO is also charged with securing value for money across the Trust. To achieve these objectives the CEO may initiate, with the relevant Headteacher/Head of School/Head of Service, reviews of staffing structures, the use of premises or other resources.

In view of continuing uncertainty about future funding levels and increasing staffing costs (known and unknown) the Trust will continue to implement the following controls in 2025-26.

- (a) No staff posts which fall vacant will be filled without the written approval of the CEO
- (b) The Trust may apply restrictions on expenditure from other budget headings to apply from the start of the year or at any point during the year. These controls which will be notified in writing to the Headteacher/Head of School and recorded in Trust Board or Trust Finance and Audit Committee minutes, may include a requirement for prior approval from the CEO or CFOO for some kinds or levels of expenditure.
- (c) Restrictions and decisions taken in accordance with (a) and (b) above will have regard not only to the school’s budget and expenditure in 2025-26 but also forecasts for the following two years.

Additionally, the Trust will designate funds within the strategic reserves which are held or may be needed for specific purposes. For 2025-26 these will be as follows:

• Northgate MUGA Sinking Fund	£63,000
• UET Pathfinder Academy –refurbishment programme	£1,000,000
• Premises Emergency Fund	£250,000
• MAT Growth and new services	£40,000
• Pupil premium development	£683,738

The Trust is maintaining the balance of the reserve funds to support our schools amid ongoing budgetary uncertainty, driven by rising costs outpacing funding increases and declining enrolment in some of our rural community schools. These reserves also position us to respond proactively to emerging needs and to collaborate effectively with the local authority, particularly through initiatives such as the Local First Inclusion Programme.

The reserves policy will be monitored regularly for any changes in legislation or directions from the DfE and evaluation in the light of comments made by the ESFA, auditors and other interested parties.

INVESTMENTS

Purpose and Scope

To set out the processes by which the Trust can invest funds surplus to day-to-day operational requirements and to ensure that investment risk is properly and prudently managed.

In doing so Trustees must:

- Act within their Trust’s power to invest
- Set investment objectives
- Ensure that investment decisions are in the Trust’s best interest and that exposure to investment products is tightly controlled so security of funds takes precedence over revenue maximisation
- Set the parameters that deposit counterparties need to meet
- Consider the liquid level of cash required to be held either overnight or within current accounts
- Approve the type of products that the Trust can invest in and seek external guidance if required
- Define processes to manage and make investment decisions

- Monitor and review investments on a regular basis

Responsibility

The opening of accounts in accordance with the above principles and the arrangements for depositing and withdrawing funds is delegated to:

Finance and Audit Committee up to £25,000

Board of Trustees above this amount

Approval to the reinvestment of maturing funds has been delegated by the Board to the Chair of Trustees acting on the recommendation of the Chief Financial and Operating Officer and with input from the Chair of the Finance and Audit Committee and the Chief Executive Officer.

The Finance and Audit Committee will review the performance of investments on a regular basis and report to the Board of Trustees.

The Trustees delegate the day-to-day responsibility of managing and implementing the investment policy to the Chief Financial Officer to ensure investments are managed in accordance with this policy and monitor regularly how the Trust's investments are performing.

Objectives

To identify a level of funds that can be placed on deposit to generate additional income for the Trust in order to support its on-going objectives.

Counterparty risk

Following the banking crisis in 2008, The Bank of England have (through the FCA) implemented changes to stress testing and capital requirements of UK FCA registered banks to ensure the stability of the UK Banking system.

As such the Trust can only make deposits with Banks or Building Societies with a UK banking licence and regulated by the FCA and PRA.

Counterparty limits

For Institutions with a "good" or better credit rating or implied credit rating (also known as Investment grade), the Trust will deposit a maximum of £3,000,000, (plus interest accrued) These ratings include:

Baa3 / P-3 or better (Moody's) or

BBB- / A-3 or better (S&P) or

BBB- / F3 or better (Fitch) or

An implied rating of BBB- or better

The Credit rating or Implied Credit Rating will be checked at the time of placing a deposit with a new bank.

It is worth noting that Implied Credit Ratings are usually the 'long term' position, however, the Trust will only by depositing 'short term' in deposits with a maturity date or notice period of 12-months or less

It is recognised that our current account balance(s) may exceed the deposit limits stated above. For the purpose of this investment policy, current account balances are excluded from the counterparty limits detailed above.

If an institution has a lower credit rating than that detailed above, the Trust will deposit a maximum of £85,000 (plus interest accrued).

Investment Products

The Trust can invest surplus funds in a mixture of interest-bearing accounts and money market facilities (where the capital is not placed at risk) including:

Overnight (instant access)

Notice accounts (typically from 30 to 100 days)

Fixed term deposits (typically from one to twelve months)

Investment maturity dates should not exceed 12 months in term.

Monitoring and Reporting

The Chief Financial and Operating Officer will report investments held and performance of investments against objectives to the Finance and Audit Committee for review each time it meets. The reporting should include:

- Funds invested
- Maturity dates
- Interest rates
- Returns achieved.
 - The interest on investments will be held in a Discretionary Fund available for the benefit of the Trust and all its schools.
 - Allocations from the Discretionary Fund may be authorised by the CEO or the Trust Board
 - The Chief Financial Officer's report to each Finance and Audit Committee meeting will show returns achieved and added to the Discretionary Fund since

the previous meeting, expenditure from the Fund authorised by the CEO or Trust Board and the Fund balance.

- Recommendations for next three months

Review

Trustees should review the investment policy annually.