Thinking Schools Academy Trust

“Transforming Life Chances”

Reserves and Investments policy

This policy was adopted	December 2025
The policy is to be reviewed	December 2027 (Every 2 years)

Reserves

1 Purpose and scope

- The purpose of the reserves policy is to ensure the Trust has the ability to quickly adjust to financial circumstances, including large unplanned expenditure, maintaining working capital requirements.
- The Academies Handbook (of 1st Sept 2021) does not guide on a required reserves level or the need to hold reserves, however it is generally considered good business practice to hold reserves. Reserves held provide sufficient working capital to cover delays between income and expenditure, plus providing protection against unexpected emergencies.

2 Reserve Types

Unrestricted Reserves

- Unrestricted reserves are available to spend at the discretion of trustees in relation to Trust objectives.
- Unrestricted funds are generally defined as funds after excluding: Endowment funds, and Restricted Funds.

Restricted Reserves

- Restricted reserves are funds received, usually via grants or other contractually supported income, which contains limitations for it's use which is outlined in the original funding.
- Restricted reserves also include capital items, plus the restricted fixed asset reserves which relate to the value of assets held by the trust including but not limited to Buildings and IT Equipment.
- Restricted reserves will be generated through operational efficiencies and effective resource planning. Proactive programmes of sourcing grant funding will also form part of the restricted balance.
- Movement of reserves between Restricted and Unrestricted balances shall only be considered once any contractual liabilities linked to the funding have been fulfilled.
- Pension Reserves also form a part of restricted reserves. The pension reserve does not constitute an immediate asset or liability to the Trust. A pension surplus or deficit will generally result in a cash flow impact for the Trust in for form of increased or decreased employer's pension contributions over a number of years.
- Reserves are calculated without setting aside a Designated Reserve to cover the pension liability.

Designated Reserves

- Designated funds are reserves that have been set aside at the discretion of the Trust, in furtherance of the Trust's objectives. Where a designation has been identified the purpose and timing of any expenditure must be explained. An example of this is sinking funds for facilities repair or replacement, such as 3G Pitch and other facilities.

- Designated reserves will be derived from unrestricted and restricted funds where applicable.

3 Reserve Levels

- Reserve levels are monitored by the Finance team, and should not be held at less than the higher of 1 month's average payroll costs or any forecast deficit within the 3-year budget.
- During periods of expansion higher reserve levels should be targeted due to the increased risks involved with the addition of new schools.

For funds held in reserves, the decision to release for spend will be taken at the following levels:

- Up-to 5% of reserves, the Business Lead will take the decision, providing this remains in line with designated approval limits in the Procurement Policy.

- 5% to 30% of reserves, the decision will be taken by the Finance Committee up-to delegated limits in the Procurement Policy.

- Over 30% of reserves, the decision will be taken by the Board.

- For any investment of reserve funds, this must follow the Investments Policy of the Trust.

Investments

1 Purpose and scope

The principles of this policy are:

- To ensure Trust funds are used in accordance with the Academies Handbook, and in accordance with any applicable legal requirements
- To ensure funds are used in a way that ensures security of funds is held above maximising investment returns
- To invest funds surplus to operational requirements to enhance the Trust's charitable aims
- To ensure investment risk is prudently managed

2 Duties

Head of Finance

- Producing a monthly cash flow forecast
- Costing investment opportunities
- Providing suitable information to Committee to enable informed decisions

Finance Committee

- To receive and review investment performance and suitability

Board of Directors

- To receive and review investment performance and suitability

3 Investment Monitoring

- Investments will be reported to the Finance Committee no less than annually
- Cashflow forecasts will be circulated among the Board of Directors monthly

4 Investment Principles

- Funds will only be placed in low risk products/ accounts which generate a return, or where future expenditure will be reduced due to the investment.
- Security of funds takes precedence over revenue maximisation
- Funds will only be placed with banking institutions regulated by the Financial Conduct Authority.
- In transactions which the Trust has no experience, experts should be engaged to support.

5 Authorisation Limits

Bank Deposit Accounts:

Period of time funds to be held in deposit	Authorisation required
5 months	Finance Director
Over 5 months to 12 months	Finance Committee
Over 12 months	Board of Directors

Other:

- For investments where funds are exchanged for assets or services, for example replacing boilers or installation of solar panels, these need to be authorised in accordance with the Procurement Policy.