



## Financial Reserves and Investment Policy 2023

The Link Academy Trust is a company limited by guarantee and an exempt charity, regulated by the Education & Skills Funding Agency (ESFA). All Members of the Board of Trustees are Directors of the company as well as Trustees of the exempt charity; the term 'Trustee' used in this policy also means Director. This policy applies to all academies within the Link Academy Trust.

### REVENUE

#### Purpose

Academies are expected to hold contingency reserves from their annual GAG funding or other income. The Trustees require a revenue reserve to be created to fund future expenditure related to the Link Academy Trust's Development Plan's strategic long-term aims and developments.

#### Scope

The Deputy Chief Executive Officer (DCEO), in conjunction with the Chief Executive Officer (CEO), is responsible for ensuring compliance with the Link Academy Trust's Policies and Procedures.

#### Procedure

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Trust, the uncertainty over future income streams and other key risks identified during the risk review. This is reviewed on a continual basis and, where possible, funds will be invested and/or used for capital expenditure to promote and develop the individual academy sites. Currently the Trust sets a reserve level of six weeks operating costs (staffing and other expenditure) at £850,000.

### CAPITAL

#### Purpose

Currently, the Department for Education (DfE) provides minimal funding through the ESFA's Condition Improvement Fund (CIF). The Trustees of the Link Academy Trust require a capital reserve to be created to contribute towards CIF projects and fund future capital expenditure.

#### Scope

The DCEO, in conjunction with the CEO, is responsible for ensuring compliance with the Link Academy Trust's Policies and Procedures.

#### Procedure

- The CFO should propose a capital reserve schedule to the Trustees identifying the need to replace assets and the related sums required.
- The Trustees should agree the value of capital reserves to be created in a year as part of the budget approval process.
- Spend of the capital reserve fund should only occur as agreed budgeted spend which is approved by the Trustees as part of the budget process.

### **Financial Investment**

Due to the nature of the funding cycle, the Trust may at times hold large cash balances (School holiday periods) which may not be required for immediate use. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

This Policy is reviewed and approved by the Finance and General Purposes Committee on an annual cycle.

**Approved by F&G Committee: 3<sup>rd</sup> February 2023**  
**Next Review: Spring 2024**