

FINHAM PARK MULTI ACADEMY TRUST



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FPMAT INVESTMENT & RESERVES **POLICY**



FINHAM PARK
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January 2021

Purpose

The Trustees of Finham Park Multi-Academy Trust plan for, manage and maintain an adequate level of financial reserves to meet the needs and identified risks of the organisation. The purpose of this policy is to set out how the Trust will determine and review the level of fund reserves and for what purpose(s) funds will be maintained. Reserves may be held for two main reasons:

- As a contingency against financial risks and security
- To meet planned commitments in future years

Definitions

Reserves are sums of money held by the Trust to meet future expenditure. There are two principal types of reserves:

- (a) Uncommitted reserves which are kept to meet short term, unforeseeable expenditure and to enable significant changes in resources or expenditure to be properly managed over the period of the Trust's three- year Plan; and
- (b) Committed reserves which are held for specific purposes.

Details of all reserves and year-end balances are contained in the Trust's annual Statement of Accounts. For transparency purposes details of balances will be recorded for each school within the Trust. In the event that an academy requires access to the reserves of other academies in the Trust this is subject to prior approval by a resolution by the Trustees. The Executive HT, Business Director and Trustees will work with the relevant academy to agree a repayment profile to return that academy to a positive reserve position within a fair and reasonable timeframe. In the absence of agreement between the relevant academy and the Trust as to the terms of repayment, the Trust reserves the right to make the final decision in its sole discretion.

Uncommitted Reserves

The Trust will maintain an adequate level of uncommitted reserves to:

- Provide a working balance to cushion the impact of uneven cash flows and avoid unnecessary short term borrowing;
- Provide a contingency to cushion the impact of unexpected events, emergencies and large shortfalls in budgets; and
- Plan for potential major items of expenditure e.g. mini bus.

The Trust will not maintain levels of uncommitted reserves that are excessive compared with total income levels. In this context, "excessive" will be assessed and reviewed annually by the MAT Finance & Resources Committee. As a general guide only, unless earmarked for a specific purpose, the level of reserves held for restricted and unrestricted funds will equate to no less than 3%.



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The adequacy of the uncommitted reserves balance will be determined by assessing the financial risks associated with meeting continuing obligations to provide services. The risk assessment will be reviewed annually.

Factors which should be taken into account in determining the overall level of reserves and balances are:

- Assumptions regarding inflation;
- Estimates of the level and timing of capital receipts;
- Treatment of demand-led pressures;
- Treatment of savings;
- An assessment of external risks;
- The impact of major unforeseen events; and

The uncommitted reserve balance will be reviewed and projections on future balances will be made at key points during the financial year, namely as part of the budget setting process.

Any movement in the uncommitted reserves to a particular budget must be agreed by the MAT Finance & Resources Committee.

Committed reserves

Committed reserves are earmarked for specific purposes and are a means of building up funds to meet known or predicted liabilities. These reserves should have no specific limit set on them but they should be reasonable for the purpose held and it must be agreed that they are used for the item for which they have been set aside.

Monitoring Policy

The level of reserves and investments will be monitored regularly and reported to the MAT Finance & Resources Committee. The actual level of reserves will be included in the year end annual accounts statement.



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Written by J Hawker

January 2012

Revised by Rachel Canning

January 2021

Next Review date:

January 2022

Approved by Trustees:

Signed:

MARK BAILIE

Executive Headteacher

Date: 12th January 2021

Signed:

PETER BURNS MBE

Chair of Board of Trustees

Date: 12th January 2021