



Reserves & Investment Policy

Responsible for policy:
Policy Status:
Chair of Directors

Board of Directors
Academy Handbook Compliance

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Definitions

In this **Policy**, unless the context otherwise requires, the following expressions shall have the following meanings:

- i **‘The Romero Catholic Academy’** means the Company named at the beginning of this **Induction Policy** and includes all sites upon which the Company is undertaking, from time to time, being carried out. The Romero Catholic Academy includes; **Corpus Christi, Good Shepherd, Sacred Heart, Blue Sky, SS Peter and Paul, St Gregory, St John Fisher, St Patrick, Cardinal Wiseman, Shared Services Team.**
- ii **‘Romero Catholic Academy’** means the Company responsible for the management of the Academy and, for all purposes, means the employer of staff at the Company.
- iii **‘Board’** means the board of Directors of the Romero Catholic Academy.
- iv **‘Chair’** means the Chair of the Board or the Chair of the Local Academy Committee of the Academy appointed from time to time, as appropriate.
- v **‘Governance Professional’** means the Governance Professional to the Board or the Clerk to the Local Academy Committee of the Academy appointed from time to time, as appropriate.
- vi **‘Catholic Senior Executive Leader’** means the person responsible for performance of all Academies and Staff within the Multi Academy Company and is accountable to the Board of Directors.
- vii **‘Diocesan Schools Commission’** means the education service provided by the diocese, which may also be known, or referred to, as the Birmingham Diocesan Education Service.
- viii **‘Local Academy Committee’** means the governing body of the School.
- ix **‘Academy Committee Representatives’** means the governors appointed and elected to the Local Academy Committee of the School, from time to time.
- x **‘Principal’** means the substantive Principal, who is the person with overall responsibility for the day to day management of the school.
- xi **‘School’** means the school or college within The Romero Catholic Academy and includes all sites upon which the school undertaking is, from time to time, being carried out.
- xii **‘Shared Services Team’** means the staff who work in the central team across the Company (e.g. HR/ Finance)
- xiii **‘Vice-Chair’** means the Vice-Chair of the Governing Body elected from time to time.

1. Introduction

The Academies Trust Handbook states “The board of trustees must, as part of its management of the trust’s funds, set a policy for holding reserves and explain in its annual report and may invest to further the trust’s charitable aims but must ensure that investment risk is properly managed.” It goes on to say:

When considering an investment, the board must:

- act within its powers to invest as described in its articles
- have an investment policy to 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 security of funds takes precedence over revenue maximization
- ensure that investment decisions are in the best interests of the trust
- review the trust’s investments and investment policy regularly

In addition, the Board should follow the Charity Commission’s Guidance (CC14 Charities and investment matters: A guide for trustees.)

<https://www.gov.uk/government/publications/charities-and-investment-matters-a-guide-for-trustees-cc14/charities-and-investment-matters-a-guide-for-trustees>

2. Reserves Policy

The Directors review the reserve levels annually and currently set a target of 6% of the GAG funding. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors take into consideration the future plans of the MAC and each Academy, the uncertainty over future income streams and other key risks identified during the risk review. Any reserves held are in accordance with the requirements laid down in the Master Funding Agreement and by the ESFA.

From 31st Aug 2022 all academy reserves will be pooled and held centrally thus removing fund balances by school. Any surplus achieved at the end of each academic year will be added to the reserve pool and similarly any approved deficit(s) will be made good by the pooled reserves.

The Board will approve annually in advance any strategic (MAC wide) use of pooled reserves as part of the 3 year plan approval process.

3. Financial Investment

The purpose of financial investment is to yield the best financial return within the level of risk considered to be acceptable.

In order to act within the law, the Finance, Resources and Premises Committee (the “Committee”) must:

- know, and act within, their powers to invest
- exercise care and skill when making investment decisions
- select investments that are right for Romero taking account of:
 - how suitable any investment is for Romero
 - the ethical nature of proposed investment platforms
 - the need to diversify investments
- take specialist advice
- follow certain legal requirements if outsourcing the management of the investment
- review investments from time to time
- disclose Romero’s Material Investment Policy in the Directors’ Report in the published Annual Financial Statements

The Committee must be clear about what they aim to achieve through financial investment. They must consider exactly what they want to do, how they intend to do it and what the timescale will be. They must also consider the academy’s long- and short-term financial commitments as well as its expected income.

4. Risk

A certain degree of risk is associated with all investments.

The Committee must do all they can to manage risk levels. Before any investment decisions are made, the Committee must consider the level of risk they are able to accept. They must be satisfied that the overall level of risk they are taking is appropriate for the Multi Academy Company and having regard to the moral and social teaching of the Church.

5. Investment Policy

The Romero Catholic Academy is careful with the public money entrusted to them. They will carefully invest any money that is not required to cover anticipated expenditure and take steps to manage the risk associated with financial investments.

Objectives and targets

The purpose of this policy is to ensure that any surplus funds are invested well so that they achieve the best financial returns with the minimum risk.

Action plan – Cash Investments

Adequate cash balances must be maintained to ensure that there are always sufficient funds in the Academy's current accounts to cover financial commitments such as payroll and day-to-day expenses. The Academy does not have an overdraft facility on any bank accounts and accounts must not be allowed to go overdrawn.

If there is a surplus of funds after all financial commitments have been considered, this surplus can be invested.

Funds should be invested in deposit accounts on the advice of the Chief Financial Officer and approved by the Board with a maximum of 60% of cash balances invested at any one time. Funds placed in Easy Access accounts do not count towards cash balances invested.

Deposits will be held with Lloyds Bank plc or in other instruments and investments as agreed from time to time by the Board.

Any investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated.

The Finance Team will continuously assess cashflow to ensure day to day needs are met through current account balances and where necessary funds on deposit can be added to or withdrawn from.

Funds, and any interest they earn, will be automatically reinvested, unless they are required for immediate or anticipated expenditure.

Head of Finance will compare alternative investment opportunities every 12 months to ensure that the company's funds achieve the best interest rates considering risk and reward.

6. Action Plan – Non-Cash Investments

From time-to-time opportunities may arise to use Academy Funds to invest in other types of revenue generating projects. In such circumstances a business plan will be prepared by the proposer (with the aid of external specialist advisors where applicable) and presented to the Finance Resources and Premises Committee outlining the risks and rewards of the proposed investment. The Committee will use their powers and the guidance above to approve or otherwise the proposal put before them after due consideration.

7. Monitoring & Review

The Accounting Officer and Chief Financial Officer are responsible for ensuring that this policy is adhered to.

This policy will be actively reviewed, and changes applied to reflect the nature of Romero's operations, beneficiaries, and operating environment.