



CEDARS ACADEMY TRUST

Cedars Academy: Low Fell
Cedars Academy: High Heworth

Investment and Reserves

Policy

Policy owner	Academy Business Leader
Approved by	Resources, Audit & Risk Committee
Date approved	Reserves Policy October 2024. Investment Policy December 2024. This revision combines both and is for approval at the October 2026 meeting of the Resources, Audit & Risk Committee.
Date written or last reviewed	September 2026
Next review due	October 2027
Status	Draft
Applies to	The Trust as a whole, across both sites

The Policy

1. Purpose and scope

- 1.1** This policy sets the level of reserves the Trust holds and why it holds them, the plan for using them, and how the Trust invests cash that is surplus to its day to day needs. It replaces the Trust's separate Reserves Policy and Investment Policy, which are combined here into one document.
- 1.2** The Trust must have a policy for holding reserves and must explain it in its annual report (Academy Trust Handbook 2026, paragraph 2.8). The Trust must have an investment policy to manage and track its financial exposure and to ensure value for money (Academy Trust Handbook 2026, paragraph 2.23).
- 1.3** This policy applies to the Trust as a whole. The Cedars Academy Trust is a single academy trust running one academy across two sites. Reserves and cash are held at Trust level and are not divided between the sites.
- 1.4** This policy covers the 2026-27 and 2027-28 financial years.

2. Roles and responsibilities

- 2.1** The Resources, Audit & Risk Committee approves this policy, monitors the level of reserves against the target at 3.4, reviews the Trust's investments and this policy regularly, and approves any deposit limit above the maximum at 4.4.
- 2.2** The Trust Board approves the annual budget and the three year budget forecast, explains this policy and the level and purpose of reserves in the Trust's annual report, and must approve any application to the Department for Education for borrowing.
- 2.3** The Academy Business Leader confirms that funds are surplus before they are placed, places deposits once they are authorised, maintains the investment register at 4.8, and reports the reserves position, the cash position and investment performance to the Committee.
- 2.4** Inspire Financial Management produces the monthly management accounts and the rolling 12 month cash flow forecast, and advises on counterparties, rates and products. Its role is advisory. Investment decisions are taken by the Trust.
- 2.5** Anyone involved in an investment decision must declare any conflict of interest and take no part in that decision.

3. Reserves

- 3.1** The Trust's funds are held as restricted fixed asset funds, which are applied to capital purposes; restricted income funds, which are the General Annual Grant and other grants received for a specified purpose; and unrestricted funds, which may be spent on any of the Trust's charitable objects at the discretion of the trustees.
- 3.2** Free reserves are the total of unrestricted funds and restricted income funds. The Trust holds no unrestricted funds, so in practice its free reserves are the carried forward balance of restricted income funds. Restricted fixed asset funds and the pension reserve are not free reserves.

- 3.3** The Trust holds free reserves to meet unexpected or unplanned costs, to absorb a fall or a delay in funding, to cover the timing difference between grant receipts and payments, and to fund planned capital projects that cannot be met from income alone.
- 3.4** The Trust must hold free reserves of at least 7% of total income. This is equivalent to approximately one month of total pay costs, including employer National Insurance and employer pension contributions, which was the basis the Trust used previously.
- 3.5** The Trust does not set a maximum level of reserves. The Department for Education regards reserves at or above 20% of income as high and engages with trusts holding that level. Where free reserves approach that level the Committee must satisfy itself that there is a clear plan for using them, and the Trust Board must explain that plan in the annual report.
- 3.6** Where free reserves are projected to fall below the level at 3.4, the Committee must consider the options and recommend a plan to the Trust Board to restore them. A budget with an in year deficit will only be approved where it is accompanied by a three to five year plan showing how the Trust will return to an in year balanced position.
- 3.7** The Trust's planned use of free reserves in 2026-27 is the capital programme below.

Project	Cost
Minibus rolling replacement	£65,000
Walkway roofing, Cedars Academy: Low Fell	£30,000
Outdoor play project, Cedars Academy: Low Fell	£27,000
Air conditioning installation, Cedars Academy: Low Fell	£20,000
Server replacement	£12,000
Total	£154,000

- 3.8** These projects will be funded from free reserves only where doing so does not take free reserves below the level at 3.4. Where it would, the project must be deferred, phased, or funded from capital grant.
- 3.9** The Trust is a member of the Local Government Pension Scheme for its support staff. The Trust holds no reserves against the scheme. The Trust Board has assessed the risk of a deficit crystallising as low, having regard to the Department for Education's Local Government Pension Scheme guarantee for academy trusts, and keeps that risk under review.

4. Investments

- 4.1** The Trust's investment objectives are to keep enough in the current account to meet day to day working capital requirements, to invest only funds that are surplus to operational need so that all commitments can be met without the bank account becoming overdrawn, to avoid any risk of loss to the capital value of invested funds, to protect that capital value against inflation, and to optimise the return earned on it.
- 4.2** Exposure to investment products must be tightly controlled so that security of funds takes precedence over revenue maximisation (Academy Trust Handbook 2026, paragraph 2.23). The Committee must explore the feasibility of placing funds in high interest savings accounts.
- 4.3** The Trust may invest surplus funds in instant or easy access accounts, notice accounts, fixed term deposits, and money market funds where the capital is not placed at risk. The Trust must not invest in

shares, or in any product where the capital is at risk, which is speculative, which conflicts with the Trust's values or which would bring the Trust into disrepute. This includes crypto assets.

4.4 Deposits must only be placed with institutions that hold a UK banking licence and are regulated by the Financial Conduct Authority, and that carry a minimum long term credit rating of BBB- (Standard & Poor's or Fitch) or Baa3 (Moody's), or an implied rating of that standard. The rating must be checked when the deposit is placed. No more than £120,000 may be held with any one institution, that being the Financial Services Compensation Scheme protection limit from 1 December 2025, unless the Committee has approved a higher limit for a named institution. Where the total invested exceeds £120,000 it must be spread across at least two institutions. The Trust's banking is currently held with Lloyds Bank.

4.5 Deposits must not normally be placed for a fixed term of more than 12 months. A longer term is only permitted where a clear rationale to the benefit of the Trust is set out and authorised under 4.6.

4.6 Funds may be placed on deposit as follows.

Period funds held on deposit	Authorised by
Up to 12 months	Two of the following four: the three co-headteachers and the Academy Business Leader
Over 12 months	The Chair of Trustees, together with two of that group of four

4.7 Before any funds are placed, the Academy Business Leader must confirm from the rolling 12 month cash flow forecast that the funds are surplus to requirements and that the Trust's commitments can be met without the current account becoming overdrawn. Two authorised signatories are required to instruct the deposit taking institution.

4.8 The Academy Business Leader must maintain an investment register recording, for each deposit, the institution and its credit rating at the date of deposit, the date the deposit was placed, the amount, the maturity date, the interest rate, the amount returned, the interest earned, and who authorised it. The form at Annex B must be completed for each deposit and filed with the register.

4.9 The Trust must obtain the Department for Education's prior approval for borrowing, including overdraft facilities, from any source, where that borrowing is to be repaid from grant monies or is secured on assets funded by grant monies, whatever the interest rate charged (Academy Trust Handbook 2026, paragraph 5.34). The Trust does not borrow and does not operate an overdraft. Credit cards must only be used for business expenditure, and balances must be cleared before interest accrues.

4.10 Any investment that is novel, contentious or repercussive must be referred to the Department for Education and approved before the transaction is agreed (Academy Trust Handbook 2026, paragraph 5.5).

4.11 The Committee must have regard to social, environmental and ethical considerations when selecting, retaining and realising investments, in line with the Charity Commission's guidance Investing charity money: guidance for trustees (CC14). Where such a consideration affects a decision, the reason must be recorded so that it can be explained in the annual report.

5. Monitoring and review

- 5.1** The Academy Business Leader reports the reserves position, the cash position, the rolling 12 month cash flow forecast and the performance of any investments to the Resources, Audit & Risk Committee as part of routine financial reporting.
- 5.2** The Trust Board explains this policy, the level of reserves held and the reason for holding them in the Trust's annual report (Academy Trust Handbook 2026, paragraph 2.8). From the year ending 31 August 2027 the Charities Statement of Recommended Practice 2026 also requires the Trust, as a Tier 2 charity, to explain the policies it has adopted for the selection, retention and realisation of investments, including the extent to which social, environmental and ethical considerations were taken into account, and the effect of any material pension liability or asset on the reserves strategy.
- 5.3** This policy is reviewed annually by the Resources, Audit & Risk Committee, or sooner if warranted by internal or external events.

Annex A: Linked policies, forms and systems

Linked policies

- Scheme of Delegation
- Financial Regulations
- Expenses Policy
- Competitive Tendering and Procurement Policy
- Risk Management Policy
- Conflicts of Interest Policy and Register of Business Interests

Forms and systems

- Investment authorisation form, at Annex B
- Investment register, maintained by the Academy Business Leader
- Inspire Financial Management, the Trust's financial management provider
- Lloyds Bank, the Trust's bankers

Annex B: Investment authorisation form

One form is completed for each deposit and filed with the investment register.

Date of decision	
Amount	
Institution	
Credit rating at date of deposit	
Product and term	
Maturity date	
Interest rate or expected return	
Cash flow forecast relied on (date)	
Funds confirmed surplus by	Academy Business Leader / Inspire
Authorised by (1): name, role, signature, date	
Authorised by (2): name, role, signature, date	
Authorised by (3) if over 12 months: Chair of Trustees, signature, date	