



Reserves and Investment Policy

Revised: July 2025

To be reviewed: July 2026

SIGNED BY CHAIR OF TRUST BOARD:

DATE APPROVED: 18th July 2025

Table of Contents

Legal framework	1
Roles and responsibilities	2
The purpose of reserves	2
Types of reserves	3
Managing reserves.....	4
Investment	5
Reporting	6
Pooling reserves.....	7
Monitoring and review	7

Statement of intent

The Pioneer Academy has developed this policy to protect its operations by creating financial support against an unpredictable environment and to ensure there is sufficient provision for future procurement and cash flow requirements. This policy also aids the framework for future strategic planning and decision-making.

The policy and the establishment of financial ranges are based on an annual risk assessment of internal and external operations, as well as the kinds of activities the trust undertakes. The risk to the trust can be summarised as a risk to future funding due to falling pupil rolls, reforms to funding, emergencies, and early teacher retirement or redundancies.

Legal framework

This policy has due regard to all relevant legislation and statutory guidance including, but not limited to, the following:

- [ESFA \(2025\) 'Academy trust handbook 2025'](#)
- [ESFA \(2025\) 'Academy trust financial management good practice guides'](#)
- [Charity Commission \(2023\) 'Charity reserves: building resilience'](#)
- [Charity Commission \(2023\) 'Charities and investment matters: a guide for trustees'](#)

This policy operates in conjunction with the following school policies and documents:

- Articles of Association
- Funding Agreement
- Finance Policy
- Conflicts of Interest Policy

Roles and responsibilities

The board of trustees is responsible for:

- Ensuring the trust's reserves are maintained and used only as described in this policy.
- Identifying when reserves need to be drawn on, so that they understand the reasons for this and can identify any corrective actions that need to be taken.
- Authorising the transfer of investment funds to an interest-bearing deposit account.
- Ensure value for money when deciding to invest funds.
- Ensuring that exposure to investment products is tightly controlled so that the security of funds takes precedence over revenue maximisation.
- Ensuring that investment decisions are made in the best interests of the trust.
- Maintaining a record of investment decisions and how the board reached them.
- Maintaining the trust as a going concern.

The Accounting Officer is responsible for:

- Ensuring that appropriate financial controls and risk management procedures are in place.
- Identifying any broader, long-term financial problems that mean the reserves are frequently used or are below the minimum level.
- Acquiring approval from the ESFA for novel, contentious and/or repercussive investments.
- Seeking appropriate advice as required for the use of reserves and when the trust is considering investments.

The CFO is responsible for:

- Regularly monitoring the trust's reserves and reporting to the Accounting Officer and board of trustees.
- Reporting the explanations for any shortfall or excess in reserves.
- Comparing the amount of reserves held with the minimum and maximum limits.
- Reporting any actions being taken or planned to bring reserves in line with the minimum and maximum limits.
- Transferring investment funds to an interest-bearing deposit account, with the authorisation of the board of trustees.

The purpose of reserves

Reserves will have a specific purpose, in line with the trust's objectives, relating to future spending or covering current and future risks. The purposes for holding reserves will be kept transparent.

Reserves will be held to ensure that unexpected financial events do not cause problems in the current year or cash flow issues, or generate a deficit. The purposes for holding reserves may include the following:

- Managing cashflow and ensuring that the trust can manage fluctuations in income by making sufficient cash available to pay bills and expenditure items as they fall due.
- Setting aside a contingency amount to cover any unforeseen issues or extra costs throughout the year.
- Setting aside funds to spend on specific projects such as IT and systems.
- Plans specific to the pupils and staff of the trust such as specifically investing in the curriculum or SEND, or held due to falling or raising pupil numbers
- Growing reserves to develop school improvement strategies, contribute to the growth of the trust, support investments into central services to improve delivery, offsetting deficits in future years, or counter the impact of inflation
- Building, estates, or non-building capital projects and growing savings to enable maintenance, development and improvement of the trust's infrastructure.
- Developing and growing the trust and ensuring the trust's financial health.
- Preparing for future change and uncertainty.

Types of reserves

Unrestricted reserves

Unrestricted reserves, which include income funds, grants and donations, will be spent at the discretion of the board of trustees in furtherance of the trust's objectives.

Not all of the trust's unrestricted funds, however, will be readily available for spending due to potential adverse impact on the ability of the trust to deliver its aims. In line with this, the following items will be excluded from reserves:

- Tangible fixed assets used to carry out the trust's activities, e.g. land and buildings
- Other restricted funds where the donor or grantor has specified the purpose to which the grant or donation must be applied.
- Designated funds set aside to meet essential future spending, e.g. funding a project that could not be met from future income

Restricted reserves

Restricted reserves, which may include restricted income funds, grants or donations, will be spent or invested in furtherance of the trust's objectives or assets, or spent where the donor has expressed the nature of expenditure.

Restricted reserves may be endowment funds, where the funds or assets are required to be invested or retained for actual use, rather than spent.

Designated reserves

A sum of unrestricted or restricted reserves may be separated and designated a particular purpose, therefore becoming a 'designated reserve', e.g. to purchase a new asset.

Designated reserves are labelled this way for administrative purposes only and can still be spent at the discretion of the board of trustees.

Where a designated reserve has been created, the board of trustees will provide a purpose and a timeframe for spending it.

Pension reserves

The risks surrounding pension liabilities will be taken into account when calculating the minimum and maximum levels of reserves stated in this policy.

The board of trustees will assess the required pension contributions from projected future income without significantly impacting its planned level of activity.

The trust aims to calculate its reserves without the need to set aside a designated reserve to cover pension liability.

Managing reserves

The board of trustees will identify why the trust should hold reserves and, having identified its needs, will decide how much should be held to meet them.

Trusts have the freedom to establish governance and financial management arrangements that meet the needs and circumstances of their:

- Vision
- Values
- Schools

In deciding the level of reserves to maintain, the board of trustees will consider:

- The size of the trust.
- The trust's estates strategy.
- The trust's future plans.
- Upcoming risks and opportunities.

The target level of reserves will be informed by:

- The trust's forecasts for levels of income for the current and future years, taking into account the reliability of each source of income and the prospects for developing new income sources.
- The trust's forecasts for expenditure for the current and future years on the basis of planned activity.
- Analysis of any future needs, opportunities, commitments or risks, where future income alone is likely to fall short of the amount of the anticipated costs.
- An assessment, on the best evidence reasonably available, of the likelihood of a shortfall arising which means that reserves are necessary, and the potential consequences for the trust of not being able to make up the shortfall.

The financial risk to the trust will be balanced alongside our vision to maintain the highest levels of education.

The trust will aim to hold a minimum reserve equating to 5 percent of the trust's general annual grant (GAG). The trust will set a maximum limit for its reserve funds equating to 7.5 percent of the trust's GAG.

Reserves will be reviewed and monitored monthly through the management accounts to identify any trends in spending and to rectify issues where they arise. Where reserves during the year are below target or exceed target, the board of trustees will consider whether this is due to a short-term situation or a longer-term issue. A broader review of finances and reserves will be undertaken if necessary, and action will be taken where appropriate to replenish or spend reserves.

As part of the normal monitoring and budgetary reporting processes, the board of trustees will:

- Identify when reserves are drawn on so that they understand the reasons and can consider the corrective action, if any, that needs to be taken.
- Identify when reserve levels rise significantly above target so that they understand the reasons and can consider the corrective action, if any, that needs to be taken.
- Regard the ongoing review of the reserves target, the reserves level and the reserves policy as part of managing the trust.
- Ensure that this policy continues to be relevant as the trust develops or changes its strategy and activities.
- Review the statement on reserves in their annual report where there have been significant changes in this policy or the level of reserves held.

Reserves in excess of the maximum limit will be reviewed by the board of trustees, who may release funds into the revenue budget in furtherance of the trust's objectives or re-invest the funds to generate extra income for the trust's activities.

The movement of funds to and from the reserve budget will be at the discretion of the board of trustee.

Any deviation from this policy, where necessary and appropriate, will be minuted by the trustees.

When holding a lower level of reserves, trustees will be assured that:

- There is sufficient contingency should something unforeseen occur
- There are funds in place to maintain the school estate and infrastructure
- There is a clear plan to rebuild the reserves

Investment

The trust will aim to manage its cash balances to provide for day-to-day financial management.

Where there are sufficient funds to meet all of the trust's financial commitments, and surplus funds of £100,000 exist, the trust will seek to optimise returns by investing. The trust will manage conflicts of interest in relation to investment in line with the Conflicts of Interest Policy.

Where the trust decides to invest, the investment risk will be properly managed. When considering an investment, the board of trustees will:

- Act within its powers to invest as set out in its articles.
- 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 the security of funds takes precedence over revenue maximisation.
- Ensure that investment decisions are in the best interests of the trust.
- Ensure that reserves are invested in a way that can readily realised as cash, when needed.

The board of trustees will keep and maintain a record of its investment decisions and how it reached them. Decisions about investments will be delegated to a suitable individual or body, e.g. an investment manager or collective investment fund, where appropriate. Professional advice will be obtained before making and reviewing investments, unless there is a good reason not to.

The trust will adhere to the Charity Commission's [guidance](#) for trustees about investments, and seek prior approval from the ESFA for investments of any value that are novel, contentious or repercussive.

Where the board of trustees has agreed on an amount to be invested, the CFO will be authorised to transfer the funds to an interest-bearing deposit account.

Invested funds will be reported to the trust board at the next available meeting, outlining the maturity date and interest rate achieved.

On maturity, the CFO will review the position and re-invest in line with this policy, where required.

To minimise and limit the risk of investment, the trust will:

- Invest in markets where financial services are closely regulated.
- Adopt a suitably diversified portfolio.
- Avoid speculative forms of investment.

The trust will not invest in any organisation that conflicts with the trust's values, could bring the trust's reputation into disrepute, or that are high-risk, e.g. crypto-assets.

Reporting

The board of trustees will disclose in its annual report its policy for building and maintaining reserves and investments, and will include the information required in line with the [Academies Accounts Direction](#) for the relevant reporting year.

The trust will disclose information about reserves in its annual report. This will include a review of reserves and details of:

- Where funds are restricted and not available for the general purpose of the trust.
- Any amount designated and the reason why.
- Any amount that can only be realised by disposing of a tangible fixed asset.
- The amount of reserves held after making allowances, the plans in place for the future of these reserves, and the likely expenditure date.
- How the amount of reserves held compares to that which is set out in the [Managing reserves](#) section of policy and any steps taken to bring the level of reserves held into line with this.

Pooling reserves

The board of trustees will decide to pool the trust's reserves if it deems it appropriate for the purposes of meeting the running costs at any constituent school within the trust.

The board of trustees will use pooled reserves from individual schools within the trust in the following circumstances:

- To smooth out disparities in funding between schools.
- To direct funds to specific schools which are required to raise educational standards.
- To direct funds to schools which require investment in facilities.
- To direct funds to facilitate the policies of the trust which are being implemented to support the trust's vision.
- To redistribute funds from schools with more funding to those with less funding.

In the case that a school's headteacher feels the school has been treated unfairly, they will appeal to the trust using the following process:

- Head Teacher to write to the Chief Executive Officer (CEO) outlining why the school has been unfairly treated as part of this arrangement and what action they expect to be taken to rectify it.
- The Executive team will review each school appeal on an individual school and Trustwide basis and reply to the constituent school within 10 days of receipt of the appeal.
- Should the Head Teacher feel that their school has still been unfairly treated by the Chief Executive Officer, they have the right to appeal to the Board of Trustees. The Board of Trustees will discuss this at the next meeting and write back to the school within 10 days of that meeting.
- Should the Head Teacher still feel that their school has been unfairly treated by the Board of Trustees, they have the right to appeal to the Secretary of State. The decision by the Secretary of State will be final.

Monitoring and review

This policy will be reviewed annually by the board of trustees and any changes made to the policy will be communicated to all stakeholders.