



WADEBRIDGE SCHOOL

RESERVES AND INVESTMENT POLICY

APPROVED BY TRUSTEES: (Revised August 2018, Revised August 2019, Revised October 2019, August 2021, August 2023, Approved March 2024)

Investment Policy

Principles

The school aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the school aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no tangible risk to the loss of these cash funds.

Given the present ongoing economic pressures and the short term planning and notifying to schools by the ESFA of budget allocations reserves are essential to manage the uncertainty that presently exists in forward planning.

Purposes

- To ensure adequate cash balances are maintained in the current account to cover day to-day working capital requirements
- To ensure there is no tangible risk of loss in the capital value of any cash funds invested (there is a compensation limit of £85k set up by the FSCS should a registered institution fail).
- To protect the capital value of any invested funds against inflation
- To optimise returns on invested funds

Guidelines

Regular cash flows are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll related commitments and outstanding supply creditors that are due for payment.

Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested only in the following:

- Interest bearing deposit accounts with any major UK regulated bank e.g.:
 - RBS (and subsidiaries)
 - Barclays
 - Lloyds TSB
 - HSBC
 - Treasury deposits, with maturity dates which do not result in the cash funds being unavailable for longer than 8 weeks
 - Local authority investments where returns are more favourable than the banking sector

Periodically the Business Manager will review the interest rates being achieved and will compare with other investment opportunities that comply with the parameters of this policy.

The recommended level of reserves that Trustees aim to maintain as a minimum are between 5% and 7% of the GAG (general annual grant) income from the ESFA. This means reserves should ideally be maintained at a level no lower than between £340k and £500k.

Independent Financial Advice

The Business Manager shall seek independent financial advice for any fixed term investment for a period longer than six months observing any guidance in the Academy Trust Handbook. In addition these investments shall be restricted to ones that guaranteed return of capital rather than any equity based investment. Trustees shall approve any such investment.