CARLTON
ACADEMY TRUST

Investment and Reserves Policy

Approved on behalf of Trustees:	**Gareth Logan**
Date:	**October 2026**
Next Review Date	**October 2027**

Investments

Purpose

This policy sets out the Trust's approach to:

- Investing surplus funds
- Maintaining appropriate reserves
- Managing liquidity and financial risk

It ensures compliance with:

- The Academy Trust Handbook (ATH)
- Managing Public Money principles (regularity, propriety, value for money)
- The Trust's Articles of Association and Funding Agreement

Principles

The Trust will:

- Protect public funds by prioritising security and liquidity over return
- Ensure all funds are used solely for educational purposes
- Maintain financial resilience through appropriate reserves
- Ensure decisions are transparent, evidence-based and properly approved

Roles and Responsibilities

Trustees will:

- Annually review this policy
- Set the reserves strategy
- Oversee investment decisions and financial sustainability
- Ensure compliance with the Academy Trust Handbook

The Accounting Officer is personally responsible for:

- Ensuring regularity, propriety and value for money
- Oversight of investment decisions
- Ensuring funds are used for their intended purposes
- Ensuring compliance with DfE requirements

The CFO will:

- Advise on investment opportunities and risks
- Maintain cashflow forecasts and reserves modelling
- Ensure appropriate financial controls
- Report regularly to Trustees and the Audit & Risk Committee

Risk & Audit Committee will:

- Review investment strategy and performance
- Provide assurance on financial controls and risk management
- Scrutinise reserves adequacy
- Ensure compliance with governance expectations

Objectives

The Trust will invest surplus funds to:

- Preserve capital
- Maintain liquidity
- Generate low risk returns to support educational delivery

Investments must be low risk and non-speculative where security of funds takes precedence over return. They must be with FCA-regulated institutions with strong credit ratings, made after receiving professional advice where appropriate.

Permissible investments include:

- Bank and building society deposit accounts
- UK government securities (e.g. gilts)
- Low-risk cash funds or equivalents

The Trust will not invest in high-risk, leveraged or speculative instruments.

Deposits will normally not exceed £85,000 per institution, aligned with FSCS protection limits and will be diversified where appropriate to reduce risk.

Approval and Governance

All investments must be approved in accordance with the Scheme of Delegation and reviewed by the Risk and Audit committee.

Decisions must be formally recorded, including amount, duration, risk-assessment, and expected return.

The Trust will seek prior DfE approval before entering any potentially novel, contentious, or repercussive investments.

Monitoring and Reporting

Investment performance will be regularly reported to Trustees with the Risk & Audit committee periodically reviewing policy compliance and effectiveness of controls.

Reserves Policy

Reserves are held to:

- Ensure financial sustainability
- Manage short term cashflow pressures
- Meet payroll and supplier obligations
- Provide a buffer against unexpected events or funding changes
- Support strategic priorities

The Trust pools the reserves of individual schools. This means that any reserves a school converting to the Trust has accumulated go into a central pool and not ringfenced at school level unless specifically agreed by Trustees. In-year reserves of established schools are also pooled. Should a school leave the Trust, they would not be entitled to take any part of this reserve pool.

Where occurring, the Trustees Risk and Audit committee manages competing demands for funds from schools, deciding whether schools qualify for support, what level of support they will be allocated and associated terms.

The Trust aims to maintain free reserves of £500k to cover any emergency funding requirements. This level reflects financial forecasts and Trust risk profile.

Free reserves are regularly monitored and where falling outside the target range a clear recovery or utilisation plan will be agreed by Trustees.

The Trust has designated funds held within a Trust Investment Fund. These are not free reserves but remain fully liquid and available for operational use if required.

Reserves may be used to manage unexpected financial pressures, strategic investments, or to support educational delivery during funding fluctuations.

Reserves are reviewed on an ongoing basis as well as through budget-setting, and formal financial reporting.

The Trust will clearly disclose reserves level, policy and justification in its annual accounts, in accordance with DfE expectations.

Risk Management

Investments and reserves are managed in line with the Trust's Risk management framework. Key generic risks include loss of capital, liquidity risk, and fluctuations in value.

Training and Awareness

Relevant staff will receive financial management training with regular updates to Trustees on investment and reserves strategy.

The Audit & Risk Committee will monitor compliance with this policy, which is annually reviewed.

Related Policies

- Financial Regulations/Scheme of Delegation
- Anti-Fraud and Corruption Policy