



ALETHEIA ACADEMIES TRUST RESERVES & CASH DEPOSIT POLICY

Version and Date		Action/Notes
1.0	December 2021	Presented to the Trust Board for approval on 9 th December 2021 Author: TS (CFO)
2.0	March 2025	Item 1.2: 'Board of Trustees' added.
2.0	March 2025	Item 2.2: Update to show Trust is now at 12% limit (previously reduced from 20% to 16% to 12%).
2.0	March 2025	Item 3: Cash Deposit Section added (CFO).

The policy of the Academy Trust is to carry forward a prudent level of reserves designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies. To this end the following approaches to Capital and Revenue are required:

1. CAPITAL

1.1 Definition

The Academy Trust works within the constraints as detailed in the Academy Trust Handbook to maximise the value of its public funding. Being a Multi Academy Trust (MAT) with more than 5 academies and more than 3,000 pupils, the Trust receives a School Condition Allocation (SCA) grant to deploy across its estate. Where funding for particular capital programmes have time limits for achieving expenditure, any grant left unspent is at risk of clawback. Trust level - SCA 2 years. Academy level - Devolved Formula Capital (DFC) 3 years.

1.2 Procedure

- The Business/Finance Manager should propose a capital reserve schedule to the Governors identifying the need to replace assets and the related sums required.
- The Governors should agree the value of capital reserves to be created in a year as part of the budget approval process.



- Spend of the capital reserve fund should ideally only occur as per the agreed budgeted spend which is approved by the Governor Board and Board of Trustees as part of the budget process.

2. REVENUE

2.1 Definition

The Governors require a revenue reserve to be created to fund future expenditure related to the Academy's strategic long-term aims and developments. Academies are expected to create reserves from their annual General Annual Grant (GAG) funding or other income. The Academy Trust Handbook states that previous Education and Skills Funding Agency (ESFA) GAG limits on carry forward by trusts from year-to-year have now been removed for eligible trusts. The ESFA will report to the DfE any Trusts where it has serious concerns about a long-term substantial surplus with no clear plans for its use.

2.2 Procedure

The Trust Board has set a target of between 5% and 12% reserves per Academy to be held based on total income for each given year. An operational tolerance of below 5% can be agreed at the discretion of the Trust Finance Committee, providing there is sufficient justification and a corrective action plan in place to redress the total balance of reserves in future years.

The Trust Board set a maximum reserve limit above which funds will be transferred to the Trust Central Fund to aid the capacity and growth of the MAT. Such limits are set at 12% of total income for all academies.

The Finance Committee will consider the set aside of funds above the maximum limits for significant projects that cannot be met by future income alone.

The Finance Committee will allow sinking funds for specific regeneration projects such as an all-weather pitch, to fall outside of general reserves with a level of contributions derived from associated trading income.

3. CASH DEPOSITS

3.1 Procedure

Monies surplus to the working requirements shall be invested in low-risk deposit accounts or term deposits with the Trust's bankers, currently Lloyds Bank. Allowing for the pattern of cash flow, the Trust will not take out any long-term deposits exceeding a term of six months.



3.2 Limits and Authority

The Board of Trustees delegates authority to the Chief Finance Officer to place deposits in the Trust's name. No deposits will be placed without prior agreement with the Accounting Officer or other signatory.

3.3 Register of Deposits

The Chief Finance Officer (CFO) will maintain a register of all deposits held which will record:

- Date deposit placed
- Amount deposited
- Date of maturity
- Amount returned
- Rate of interest
- Interest earned

The CFO will present a register of deposits to the Trust Finance Committee at each meeting.

3.4 Investments

There are no investments held beyond cash deposits retained with the Trust's banker. Speculative investments are not permitted.

This policy will be reviewed by the Trust Finance Committee on a 3-yearly cycle.

Policy Approved:	6 th March 2025
Next Review:	Autumn 2027
Signature of Chair of Trustees/Chair of Finance Committee:	