



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).
2.2	October 2025	Included discretion on transfer of reserves based on current practices
3.1	October 2025	Removing restriction that can only manage funds within Lloyds
3.2	October 2025	Adding procedures around spreading the risk across multiple institutions

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 CFO, supported by the Director of Estates and Infrastructure, should propose a capital spend plan to the Trustees identifying the need to replace assets and the related sums required.

The Trustees should agree the value of the capital budget each year as part of the budget approval process.

Spend of the capital funds should ideally only occur as per the agreed budgeted spend which is approved by the Board of Trustees as part of the budget process; ensuring adherence to the Procurement processes detailed within the Finance Policy.

2. REVENUE

2.1 Definition

The Trustees require a revenue reserve 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 and other income. Although there is no limit on % of reserves carried forward, the DfE will contact Trusts where it has serious concerns about a long-term substantial surplus with no clear plans for its use; generally over 20% of annual income.

2.2 Procedure

The Trust Board has set a target of holding between 5% and 12% reserves per Academy 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 each academies. Dependant on individual school circumstances and ongoing projects and development, this is subject to discretion from the Trustees as to whether they are required to transfer reserves to the Central Fund.

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 Principles

Investment risk will be managed through asset class selection and diversification with the aim of ensuring that the security of deposits takes precedence over revenue maximisation.

The Bank of England have (through the FCA and PRA) implemented changes to banking regulation and capital requirements of UK FCA registered banks to ensure the stability of the UK Banking system. The PRA limit is currently £85,000 rising to £120,000 on 1 December 2025.

The Trust will only make cash deposits with institutions holding a UK banking licence regulated by the FCA that ideally have headquarters based in the UK, EU or US.

The Credit rating or Implied Credit Rating will be checked at the time of placing a deposit with a new bank or reinvesting a fixed term placement. While Implied Credit Ratings are usually the 'long term' position, the Trust will normally only make 'short term' deposits with a maturity date or notice period of 12-months or less, unless a clear rationale to the benefit of the Trust is provided for exceeding one year.

The Trust will further reduce its risk by having funds spread across a minimum of five institutions, and limit exposure in line with their implied credit ratings.

Please see Appendix A for comparative investment ratings as at September 2025.

3.2 Limits and Authority

The Trust can deposit a maximum of:

- £500,000 (plus interest accrued) in each institution with an implied credit rating A+
- £250,000 (plus interest accrued) in each institution with an implied credit rating A or A-
- £85,000, rising to £120,000 1 Dec 2025, (plus interest accrued) in each institution with an implied credit rating of BBB+



Note the total cash invested in BBB+ institutions should not exceed 25% of total cash investments.

Cash deposits will not be lodged with institutions whose implied credit rating is below BBB+.

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 bankers or any other FCA Approved treasury management platforms. Speculative investments are not permitted.

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

Policy Approved:	4 th December 2025
Next Review:	December 2028
Signature of Chair of Finance Committee:	