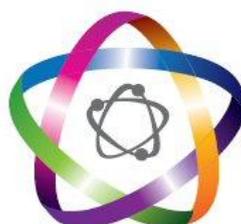


POLICY DOCUMENT No F12**DEBENHAM HIGH SCHOOL**

A Church of England High Performing Specialist Academy

**Reserves & Investment Policy**

This policy is reviewed annually by Finance & General Purposes Committee

History of Document

Issue No	Author/Owner	Date Written	Approved by Governors on	Comments
Issue 1	T Darby	May 2012	19th June 2012	1st Issue
Issue 2	T Darby	May 2013	17 May 2013	Minor amendment
Issue 3	T Darby	Nov 2013	3 Dec 2013	Add future plans & investment policy
Issue 4	T Darby	June 2014	June 2014	Minor amendment
Issue 5	N Serjeant	March 2015	20 March 2015	Amend investment polciy
Issue 6	T Darby	March 2016	18 March 2016	Review no changes
Issue 7	T Darby	Feb 2017	17 March 2017	Review minor amendment
Issue 8	T Willmott	March 2018	16 March 2018	Review, minor amendment to risks
Issue 9	T Willmott	March 2019	15 March 2019	Review, no changes
Issue 10	T Willmott	June 2020	19 June 2020	Review, no changes
Issue 11	T Willmott	March 2021	12 March 2021	Review, no changes
Issue 12	T Willmott	March 2022	11 March 2022	Review, retention of reserves

Reasons for Reserves

The Governors aim to demonstrate prudence and good financial planning to cover the unexpected and unplanned in order to protect delivery of the academy's primary objectives under unforeseen circumstances. Governors may also set aside reserves for investment in future years (eg: to improve or expand facilities).

Risk Assessment

The key financial risks for Debenham High School are a reduction to future income due to Government funding changes and/or falling pupil roll or delays in receipt of grant funding, and an increase in expenditure caused by increases in public sector pay and pension costs.

Other financial risks include emergencies such as urgent maintenance issues, the cost of early teacher retirement due to ill health, changes in pension liabilities, redundancies due to drop in income and/or falling pupil numbers, and other unforeseen events, eg, coronavirus pandemic.

The financial risks and uncertainties facing Debenham High School continue to change, and Governors keep these under review. Governors mitigate those risks by maintaining an appropriate level of reserves. The governors and the management are acutely aware of the need to balance financial prudence with maintaining the top quality education Debenham prides itself on. The five year strategic budget plan has been drawn up with predictions for future funding levels and reserves are a critical part of the plan to ensure the future sustainability of the school.

Reserves Policy

To mitigate the risk of delayed funding the Governors feel it prudent to maintain a free reserve equivalent at minimum to one month's payroll expenditure.

To mitigate the risk of future income reduction and to provide a fund for building development, the Governors may provide further reserves determined on an annual basis in the spring term. Reserves are determined with reference to the in-year financial performance of the school and an assessment of the key risks and future investment requirements.

Investment Policy

The school aims to manage its cash balances to provide for the day to day financial management of the academy. Where surplus cash funds exist the school seeks to optimise returns at minimal risk. Surplus funds are defined as funds in excess of those deemed to be needed to meet the day to day cash flow requirements for the financial management of the school taking into account the agreed minimum reserves level. The Business Manager will maximise investment return by investing surplus funds for up to 6 months in interest-bearing accounts with High Street Banks or Building Societies. Investments for longer than 6 months or in riskier vehicles require the approval in advance of the FGPC

Investment Guidelines

- The Business Manager regularly reviews cash flow forecasts. Surplus funds exist when, for a given period of time, the balance on hand plus forecast cash inflows exceeds forecast outflows. Such surplus funds may be invested to earn interest for that period of time.
- Surplus funds may be invested in Fixed Term Deposit accounts for up to 6 months with the school's bank or another UK High Street Bank or Building Society. Such transactions are performed by the Business Manager with the documented approval of the Accounting Officer.
- The Business Manager will report each term to the FGPC the amounts invested, the beginning and end dates and the interest rate.
- On maturity of any such investment the Business Manager will review the position and may re-invest in line with this policy
- Investments for longer than 6 months require the approval in advance of the FGPC or where impractical the Chair of Finance.
- Investments in riskier investment vehicles require the approval in advance of the FGPC.