

## Investment Management Policy

Document Detail	
<b>Policy Reference Number:</b>	8
<b>Category:</b>	Financial Management
<b>Authorised By:</b>	Trust Board
<b>Status:</b>	Approved
<b>Chair of Governors Signature</b>	
<b>Date Approved:</b>	September 2018
<b>Issue Date:</b>	September 2018
<b>Next Review Date:</b>	September 2019

## Contents

Section Title	
Introduction	3
Definition of duties	3
Objectives	3
Investment of Funds	3
Monitoring & Review	4

## **Introduction**

The purpose of the Investments Policy is to set out the processes by which Academy trustees will meet their duties under the Academy's Articles of Association and Academies Financial Handbook issued by the ESFA to invest monies surplus to operational requirements in furtherance of the Academy's charitable aims and to ensure that investment risk is properly and prudently managed.

### **Definition of duties**

The Academy's Articles gives Trustees the power "to expend the funds of the Trust in such manner as they shall consider most beneficial for the achievement of the Objects and to invest in the name of the Trust such part of the funds as they may see fit and to direct the sale or transposition of any such investments and to expend the proceeds of any such sale in furtherance of the Objects."

Whilst the Board of Trustees has responsibility for the Trust's finances, the Terms of Reference approved by the Trust delegates the responsibility to approve the Investment Policy to the Resources Committee.

The Finance Manager is responsible for producing reliable cash flow forecasts as a basis for decision making and for providing sufficient management information to the Resources Committee so it can review and monitor investment performance. The Chief Operations Officer is responsible for making investment decisions that comply with this Policy.

### **Objectives**

The investment objectives are:

- to achieve best financial return available whilst ensuring that security of deposits takes precedence over revenue maximisation.
- Only invest funds surplus to operational need based on all financial commitments being met without the Academy bank account becoming overdrawn.
- By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Academy, commanding broad public support.

### **Investment of funds**

A return on working capital should be optimised whilst ensuring easy access of the funds. In balancing risk against return the Academy policy is clearly geared to avoiding risk rather than maximising income.

The Academy will operate an interest bearing current account with a bank approved by the Trust and maintain a balance in that account that is sufficient to cover immediate and forthcoming

financial commitments (payroll and payment runs) and sufficient contingency (cash buffer) for unexpected payments.

Monies surplus to the working requirements can be invested in an account in the name of the Trust with the approved institutions authorised by the Trust. This may be a higher interest bearing account operated by the same bank that the Trust operates its current account with, or an alternative approved by the board.

The Trust will not take out any long term investments until a reliable cash flow pattern has been established; monies will only be paid into approved bank deposit accounts allowing access to funds within a term not exceeding three months.

Decisions on how much to invest and how long to invest for, will be based on operational requirements, demonstrated by cash flow forecasts produced by the Finance Manager. The cash flow forecasts will take account of the annual budget and spending plans approved by the Trust and updated on a monthly basis.

A sufficient balance must be held in the current account so that the Academy's financial commitments can always be met without the bank account going overdrawn. The size of the balance will be determined by a forecast of future need and kept under review.

Investments for a fixed term should not normally exceed one year in order to provide flexibility for the following year's plans, unless a clear rationale is provided for exceeding one year to the benefit of the Academy.

### **Monitoring and review**

The Academy has authorised signatories, two of which are required to sign instructions to the deposit taking institution.

The Finance Manager will monitor the cash position and cash flow forecast and report investments held and the performance of investments against objectives to the Resources Committee at appropriate intervals, depending on the terms of the investments. For example if investments are held one year then an annual report is appropriate.

This Investment Policy has been approved by the Trust Board. It will be reviewed by the Resources Committee on an annual basis to ensure continuing appropriateness.