

Investment Policy



Review Date

November 2023

Ratified

January 2024

Next Review Date

November 2027

Responsible Directorate

Operations

Our Trust

*These four critical questions make it clear who we are and what we do.
We ask ourselves these questions to guide our work and our improvement.*

Why do we exist?

To **transform life chances** by achieving the highest possible standards and preparing all our students to lead successful lives.

How do we behave?

- **Hard work**
We are determined to see things through to the end and are resilient when faced with challenges.
- **Integrity**
We do the right thing because it is the right thing to do.
- **Teamwork**
We work together to help everyone succeed.

What do we do?

- We educate, safeguard and champion all our learners.
- We set high standards for ourselves and our learners.
- We build the powerful knowledge and cultural capital which stimulate social mobility and lifelong learning.

How will we succeed?

1. Aligned autonomy
2. Keeping it simple
3. Talent development

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1 | Purpose and Scope

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

2 | Definition of Duties

- 2.1 The Trust'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."
- 2.2 The Deputy Chief Executive Officer (Finance & Operations) – acting as Chief Financial Officer – is responsible for producing reliable cash flow forecasts as a basis for decision making. They are responsible for making investment decisions that comply with this Policy and for providing sufficient management information to the Finance and Resources Committee so it can review and monitor investment performance.

3 | Objectives

- 3.1 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 Trust 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 Trust, commanding broad public support.

4 | Investment Strategy

- 4.1 Investment risk will be managed through asset class selection and diversification to ensure that security of deposits takes precedence over revenue maximisation.

- 4.2 For selection, assets will only be considered with banking institutions which have credit ratings assessed by Fitch, Moody or Standard & Poor to show good credit quality. This will normally be considered as A or better. Credit ratings for banks that hold Trust funds will be checked at least once per term and reported to the Finance and Resources Committee.
- 4.3 To manage the risk of default, deposits should ideally be spread by banking institution and be subject to a maximum exposure of £5,000,000 with any Prudential Regulation Authority regulated institution. Whilst this exceeds the protection limit of £85,000 provided by the Financial Conduct Authority, it is accepted that it is not always practicable to find enough investments of this size that meet the prudent criteria outlined in this policy.
- 4.4 For the avoidance of doubt, the Trust would not look to move funds into any investment related to tobacco, alcohol, gambling, weapons or other such activities/goods/services.

5 | Spending and Liquidity Policy

- 5.1 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 Deputy Chief Executive Officer (Finance & Operations), with support from the Director of Finance and Financial Controller. The cash flow forecasts will take account of the annual budget and spending plans approved by the Trust Board and updated on a monthly basis.
- 5.2 A sufficient balance must be held in the current account so that the Trust'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. Balances will be reviewed weekly within the Trust's finance team, with surplus funds from week to week to be deposited in instant access deposit accounts, with longer term surplus funds to be held in fixed term deposit accounts.
- 5.3 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 Trust.

6 | Monitoring and Review

- 6.1 The Trust has authorised signatories, two of which are required to sign instructions to the deposit taking institution.
- 6.2 The Deputy Chief Executive Officer (Finance & Operations) will monitor the cash position and cash flow forecast and report investments held and the performance of investments against

objectives to Trust Board at appropriate intervals, depending on the terms of the investments. For example, if investments are held one year, then an annual report is appropriate.