



# The Academies for Character and Excellence

## Investment Policy

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Board Approval	August 2023	
Reviewed, updated and approved	August 2024	
Next Review Date	August 2025	Review cycle - every year
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## 1. Principles

- 1.1 The Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the Trust aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds. The aim of the Trust is to spend the public monies that have been entrusted for the direct education benefit of students as soon as is prudent. The Trust does not consider the investment of surplus funds as a primary activity, rather it is the result of good stewardship as and when circumstances allow.
- 1.2 Due to the nature and timing of receipt of funding, the Schools may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short-term bank investment (deposit) accounts to take advantage of higher interest rates. No other form of investment is authorised. The Trust does not consider the investment of surplus funds as a primary activity, rather it is the result of good stewardship as and when circumstances allow.
- 1.3 Day-to-day management of surplus funds (\*) is delegated to the Chief Finance Officer (CFO) in accordance with the guidelines set out and approved by Trustees as below.
- 1.4 Returns on investments will be used for the benefit of the Trust and all pupils.
- 1.5 \*Surplus funds are those exceeding the sums required to manage the day-to-day payroll and creditor commitments of the Trust and maintaining a working capital contingency.

## 2. Purposes

- a. To ensure adequate cash balances are maintained in the current account to cover day-to-day working capital requirements.
- b. To ensure there is no risk of loss in the capital value of any cash funds invested.
- c. To protect the capital value of any invested funds against inflation.
- d. To optimise returns on invested funds.

## 3. Guidelines

- 3.1 The Academies Trust Handbook states that cash flows must be included within the management accounts information provided to Trustees.
- 3.2 Regular (annual and daily) cash flows are to be prepared and monitored by the CFO to ensure there are adequate liquid funds to meet all payroll-related commitments and outstanding supply creditors that are due for payment.
- 3.3 Where the cash flow identifies a base level of cash funds that will be surplus to requirements, these may be invested.
- 3.4 If a bank or building society authorised by the Financial Conduct Authority (FCA) is unable to pay back deposits held with it, the Financial Services Compensation Scheme

(FSCS) can pay 100% of the first £75,000 of an eligible depositors claim, per authorised institution. The list of authorised institutions and those considered acceptable to use, is provided by the FCA at the following address:

<https://www.fca.org.uk/consumers>

- a. Treasury deposits, with maturity dates which do not result in the cash funds being unavailable for longer than 30 days.
  - b. Where cash flow allows, sums in excess of £100,000 may be invested on deposit for a period exceeding 30 days but not exceeding 1 year.
- 3.5 The CFO must request the latest interest rates from the bank and obtain permission from the Trust Accounting Officer prior to placing a deposit for investment or proposing a withdrawal in order to meet future working capital requirements.
- 3.6 Periodically (at least every 3 months) the CFO will review the interest rates being achieved and will compare with other investment opportunities that comply with the parameters of this policy.
- 3.7 The CFO will maintain an ongoing record of investment which will be readily available on demand to Trustees and Internal and External Audit.
- 3.8 The CFO will include a report on investment returns to the Trust Finance, Audit and Risk Committee.

#### **4. Monitoring & Evaluation**

- 4.1 The CFO will compare alternative investment opportunities periodically to ensure that the Trust's funds achieve the best interest rates. Investments will be reported in the year-end financial statements.

#### **5. Review**

- 5.1 This policy has been adopted by the Trust and will be reviewed by the Strategic Board annually.

#### **6. Links with Other Policies**

- 6.1 The links with other policies are:
- a. Financial Regulations Policy