Tithe Academy: Investment Policy

Key points and summary

Aims

This policy aims to ensure that:

- The academy trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the Academies Financial Handbook
- The trust's funds are used in a way that commands broad public support
- Value for money (economy, efficiency and effectiveness) is achieved
- Trustees fulfil their duties and responsibilities as charitable trustees and company directors

Legislation and guidance

The Academies Financial Handbook states that academy trusts are required to have an investment policy to:

- Manage, control and track their financial exposure
- Ensure value for money

This policy is based on the Academies Financial Handbook and guidance from The Charity Commission. This policy also complies with our funding agreement and articles of association.

Approved by:	Board of Trustees
Approved on:	5.2.18
Review date:	Summer 2019
Responsibility for review:	CEO to recommend to Board of Trustees

Background

Academies are able to make investments and these investments can be a good source of funding, but can also expose schools to risks.

A financial investment is when an investment is made to get the best financial return within the level of risk considered to be acceptable. The Charity Commission (2011) advises that trustees have several legal responsibilities when making financial investments. They must:

- Know and act within their school's powers to invest.
- Exercise care and skill when making investment decisions.
- Select investments that are right for the school. This means taking account of:
    - How suitable any investment is for the school.
    - The need to diversify investments.
- Take advice from someone experienced in investment matters unless they have good reason for not doing so.
- Follow certain legal requirements if they are going to use someone to manage investments on their behalf.
- Review investments periodically.
- Explain their investment policy in their annual report.

Trustees must be clear about what they aim to achieve through financial investment. They must consider exactly what they want to do, how they intend to do it and what the timescale will be.

Risk

A certain degree of risk is associated with all investments so trustees must do all they can to manage risk levels. Before any investment decisions are made, trustees must consider the level of risk they are able to accept. They must be satisfied that the overall level of risk they are taking is appropriate for the trust. Losses may result in a low return on an investment, or the complete loss of all money invested. If this occurs, trustees should review their approach to risk and take the opportunity to learn from their experiences.

Objectives of this Policy

The Trust aims to manage its cash balances to provide for the day-to-day working financial 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 investments are such that there is no risk to the loss of these cash funds.

Purposes

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

Guidelines

Regular cash flow reports are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll related commitments and outstanding supply creditors that are due for payment.

Where the cash flow identifies a base level of cash funds that will be surplus to requirements, these may be invested only in the following:

- Interest bearing deposit accounts with any of the following banks;
    - RBS
    - Barclays
    - HSBC
    - Lloyds
- Treasury deposits, with maturity dates which do not result in the cash funds being unavailable for longer than 8 weeks

Monitoring and Evaluation

Periodically (at least every 3 months), the CFO will review the interest rates being achieved on investments and will compare with other investment opportunities that comply with the parameters of this policy. Investments will be reported to the Audit and Risk Committee.