Investment Policy

This Investment Policy (the 'Policy') is designed to only apply to short term cash-based deposits and does not apply to any strategy that may be in place or put in place for investing in 'capital at risk' investments.

This Policy should be read in conjunction with the Trust's Financial Policies and Procedures document.

1.0 Purpose and Scope

To set out the processes by which the Trust can invest funds surplus to day-to-day operational requirements for the benefit of the Trust as a whole, and to ensure that investment risk is properly and prudently managed.

In doing so, the Trustees must:

- act within their Trust's power to invest;
- set investment objectives;
- set the parameters that deposit counterparties need to meet;
- consider the level of high-quality liquid assets (e.g. cash) required to be held either overnight or within current accounts;
- approve the type of products that the Trust can invest in and seek external guidance if required;
- define processes to manage and make investment decisions; and
- monitor and review investments on a regular basis.

2.0 Academy Trust Handbook

The Academy Trust Handbook provides guidance to the Board of Trustees when considering investing to further the trust's charitable aims, to ensure investment risk is appropriately managed. The guidance includes:

- having an Investment Policy in place;
- exercising care and skill when making investment decisions, including taking advice from experts;
- tightly controlling exposure to investment;
- ensuring investment decisions made are in the best interests of the Trust;
- approving the type of products that the Trust can invest in and seeking external guidance if required; and
- reviewing the Trust's investment performance and Investment Policy on a regular basis.

3.0 Responsibility

The Audit and Risk Committee delegate the day-to-day responsibility of managing and implementing the Investment Policy to the Director of Finance and Resources.

The Director of Finance and Resources will ensure investments are managed in accordance with this Policy and will monitor how the Trust's investments are performing, and associated financial risks are being mitigated to acceptable levels of risk determined by the Board.

4.0 Objectives

The Trust's overall investment objective is to preserve and grow capital in real terms and to generate returns that support the on-going charitable activities of the Trust as a whole. The Trust seeks to produce a suitable financial return within an acceptable and defined Board approved levels of risk.
Any investment decisions must be supported by a cashflow forecast that clearly demonstrates that the Trust is able to maintain sufficient liquidity to meet its financial obligations as they fall due.

5.0 Risk

There are several financial risks associated with holding funds and investments. Specifically, the Trustees have identified the following as significant risks to the investments of the Trust:

- liquidity
- market
- counter-party
- concentration

This Policy sets out the parameters for mitigation of these risks as far as possible. However, the Trustees recognise that risks cannot be fully mitigated.

6.0 Investment Products

The DfE Guidance "Managing Academy Trust Reserves: dated 2nd June 2025 states:

Considerations for the Board:
If funds are not needed now, how the trust might be able to invest them to generate some extra income by reviewing current trust bank and saving accounts, cash reserve locations and interest rates available to establish where or how investment returns may increase, including:

- *reviewing type and amount of accounts*
- *avoiding capital at risk investments*
- *ensuring funds are deposited with banks or financial institutions that are registered and regulated by the Financial Conduct Authority (FCA) in the UK*

The Trust can invest surplus funds in a mixture of interest-bearing accounts and money market facilities (where the capital is not placed at risk) including:

- Overnight (instant access / easy access)
- Notice accounts (typically from 30-days to 100+ days)
- Fixed term deposits (typically from 1-month to 12-months)
- Investment maturity dates should not exceed 12-months in term unless funds are held for a specific future product with no risk of requiring access in the meantime.

It is recognised that funds cannot be accessed before the relevant period of notice is given or, for fixed term deposits, at maturity.

The profile and restrictions of the most common deposit accounts are:

Easy Access:
No notice needed to make withdrawals.
Funds are usually returned overnight or within a few days
Interest Rates are variable

Notice Accounts:
No access without giving the required notice
Interest Rates are variable

Fixed Term Deposits:
No access until the deposit matures
Interest Rates are fixed for the term

7.0 Liquidity Risk

The Director of Finance and Resources must ensure that a sufficient balance is held across accounts with short term (instant or easy) access so that the Trust's financial obligations can be met without the risk of the bank's current account going overdrawn.

A contingency amount should also be considered to give flexibility to cover any reasonable one-off events.

If interest rates are not competitive on the current account or by using a sweep facility, the Director of Finance and Resources can consider placing some of the surplus cash funds into an appropriate instant access/easy access deposit account providing cleared funds can be repatriated within a short period of time.

The Trust's cashflow forecasts will dictate how much is available for investment and for how long.
The cashflow forecasts should be reviewed monthly as part of the management accounts cycle and on maturity of fixed term deposits.

8.0 Market Risk

The Trust divides its funds into short-term and medium-term investments. Each has a different risk appetite appropriate to the purpose of the fund.

- **Short-term funds**
  The purpose of short-term funds is to:
  - preserve the capital value with a minimum level of risk and maximum level of liquidity;
  - maintain sufficient levels of working capital, as determined by short- and medium-term financial plans; and
  - provide cover and mitigation against unforeseen financial risks.
    This fund will have negligible risk tolerance, although the Trustees recognise that it will be exposed to interest rate fluctuations and counter-party risk.
    These funds will be held in instant cash accounts.

- **Medium-term funds**
  The purpose of medium-term funds is to:
  - ring-fence funds for large strategic or operational expenditure projects as per the Trust's financial plans, with a minimum level of risk and maximum level of liquidity; and
  - protect the value of these funds against significant market fluctuations to minimise the risk of realising a loss as and when the funds are called upon.

  The fund will have a low to medium risk tolerance, utilising the most appropriate high quality liquid assets for the timing and nature of the expenditure (e.g. fixed term deposits, cash. etc.).
  These funds represent reserves that are expected to be held for less than five years.

It is not anticipated that the Trust will invest reserves for a period greater than 12 months. Therefore, the Trust's Investment Policy does not consider long-term funds.

9.0 Counter-Party Risk

The Trust will only deposit its money with a trustworthy provider. The Trust will only use banking providers that are authorised by a relevant financial regulator such as the Financial Conduct Authority or the Prudential Regulation Authority.

Investments must be placed within a UK regulated institution (both the Prudential Regulation Authority and the Financial Conduct Authority) which is protected by the Financial Services Compensation Scheme (FSCS) in whole (or in part if the amount invested is over the FSCS limit of compensation). Only banks that are headquartered in the UK or the EU are to be used.

10.0 Concentration Risk

The Trust uses Fitch, Moody's and S&P ratings to look at both the Credit Rating and Financial Implied Credit Scores as a means of assessing counter-party limits. The Credit Rating or Financial Implied Credit Score will be checked before each deposit placement or roll-over.

Counterparty limits will vary according to the grade of the counterparty as follows:

GRADE	RATING FITCH	SHORT TERM FITCH RATING	MAXIMUM DEPOSIT PER BANK	MAXIMUM MATURITY PERIOD
VERY HIGH	AA+ AA AA-	F1+	£5,000,000	12 months
HIGH	A+ A A-	F1	£1,000,000	12 months
GOOD	BBB+ BBB BBB-	F2 F3	£500,000	12 months
SPECULATIVE (OR BELOW)	BB+ BB BB-	B	£nil	n/a

It is recognised that maximum deposits may be breached when interest is added to the deposit. Any accumulated interest which takes the maximum deposit to more than 105% of the value shown in the table above should be withdrawn and invested with another compliant provider.

11.0 Credit Ratings Comparison Table

	Moody's		S&P		Fitch	
Rating	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
Investment grade: Highest (Triple A)	Aaa	P-1 (Prime-1)	AAA	A-1+	AAA	F1+
Investment grade: Very high	Aa1		AA+		AA+	
	Aa2		AA		AA	
	Aa3		AA-		AA-	
Investment grade: High	A1		A+	A-1	A+	F1/F1+
	A2	P-2/P-1	A		A	F1
	A3	P-2/P-1	A-	A-2	A-	F2/F1
Investment grade: Good	Baa1	P-2 (Prime-2)	BBB+		BBB+	F2
	Baa2	P-3/P-2	BBB	A-3	BBB	F3/F2
	Baa3	P-3 (Prime-3)	BBB-		BBB-	F3
Speculative grade: Speculative	Ba1	Not Prime	BB+	B	BB+	B
	Ba2		BB		BB	
	Ba3		BB-		BB-	
Speculative grade: Highly speculative	B1		B+		B+	
	B2		B		B	

	B3		B-		B-	
Speculative grade:	Caa1		CCC+			
Very high risk	Caa2		CCC		CCC	
	Caa3		CCC-	C		C
Speculative grade:			CC		CC	
Very near to default	Ca		C		C	
			C		C	
In default	C		SD/D	D	RD/D	RD/D

12.0 Investment Products

Any monies held in a savings or deposit account qualify as investments. The Trust can invest surplus funds in a mixture of interest-bearing accounts and money market facilities (where the capital is not placed at risk) including:

- Overnight (instant access / easy access)
- Notice accounts (typically ranging between 30 days up to 100 days)
- Fixed term deposits (typically 1 month – 12 months)

Investments in fixed terms deposits should not exceed 12 months in term.

New asset classes must be considered and approved by the Finance & Audit Committee before any new investment is made.

Investments may include savings and deposit accounts held at the bank which the Trust uses for its current accounts for daily operational cash transactions (the "Default Bank"). A sweep facility may be used to invest surplus cash overnight in a short-term deposit account.

Current accounts used as the main operational accounts for day-to-day purposes and school fund accounts are not considered to be Investment Products.

The base currency of the Trust's investment funds is 'sterling'. Hedging is permitted only for protection and not speculation.

13.0 Investment Decisions and Transfers

The Director of Finance and Resources is responsible for producing reliable cash flow forecasts as a basis for decision making.

The Director of Finance and Resources is also responsible for making investment decisions that comply with this Policy.

All deposit or withdrawal transfers must be carried out based on the instructions of an authorised individual with the proper mandate, such as the CEO or Director of Finance and Resources. These transfers must be executed by individuals who are independent of the instruction and possess the necessary authority to carry out any received instructions.

Further, deposit facilities in use by the Trust (e.g. main bank account, sweep deposit account) must be restricted to 'dual control' for the opening of a deposit, placing funds and withdrawing funds and should be authorised in line with current Financial Regulations.

14.0 Monitoring & Reporting

The Director of Finance and Resources will report investments held and the performance of investments against objectives to the Finance & Audit Committee for review each time it meets or when requested to do so. The reporting should include:

- funds invested and the tenor;
- maturity dates;
- interest rates;
- current market rates;
- blended returns achieved against expected performance and policy benchmarks;
- latest cash flows showing 12-month liquidity requirements; and
- recommendations for the next 3 months.

All movements of cash between differing institutions and investment funds of £100k or greater, should be reported by the Director of Finance and Resources to the Audit and Risk Committee for noting.

15.0 Delegated Authority

The Director of Finance and Resources has delegated authority to transfer funds between pre-approved funds (as determined and approved by the Audit and Risk Committee) up to a value of £1m, subject also to the approval of the Accounting Officer. Any transfers above £1m must be approved by the Audit and Risk Committee and or Committee Chair, in writing.

The Director of Finance and Resources also has delegated authority to use a cash management platform approved by the Audit and Risk Committee to invest surplus funds flexibly, subject to the restrictions contained within this Policy.

The Director of Finance and Resources should balance risk by spreading investments across all the relevant available accounts. It is recognised that where risk has been spread as far as permitted across the available investments (given the maxima prescribed in this Policy) that the remainder will need to be invested with the default bank in relevant interest-bearing accounts until the opportunity to invest elsewhere becomes available.

Document Control

Changes History

Version	Date	Amended By	Details of Change
1	23/10/2025	Director of Finance & Resources	New Policy
2	02/07/2026	Director of Finance and Resources	Annual Review

Approval

This policy will be reviewed annually by the Director of Finance & Resources or as required by changes in legislation.

At every review, this policy will be approved by the Audit & Risk Committee.

The policy was last approved by the Finance & Resources Committee on 12/11/2026.

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