

Investment Policy

Aim of the Trust

One community. Many ideas. Everyone's future.

We aim to provide an exceptional education for every child in the Trust through an ethos of collaboration and high aspirations and through the principles of quality learning using curiosity, exploration and discovery.

Principles

The Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations. In addition, the Trust aims to invest surplus cash funds to optimise returns, but ensuring that security takes precedence over revenue maximisation. This is mainly because we are entrusted with public money to primarily educate pupils and not to operate as an investment enterprise.

Purpose

- To ensure sufficient funds are kept in current accounts to meet regular working capital needs with a buffer for short term contingencies.
- To adopt a risk averse policy towards investing surplus funds in order to ensure minimal risk to capital funds while optimising return on investments.
- To ensure access to sufficient funds for use in the foreseeable future to cover known spending commitments as well as working capital requirements.

Guidelines

Monthly Statements of cash flow are to be prepared and monitored to ensure there are adequate liquid funds available to meet all payroll related commitments, supply creditors and short-term contingencies. .

The following risks need to be eliminated when making investments:

- Capital risk i.e. loss of principle amount of funds invested
- Liquidity risk i.e. the ability to withdraw investment when needed to meet the financial obligations
- Market risk i.e. inflation, interest rate and exchange rate risks
- Valuation risk i.e. actual value of investment at the time of realisation.
- Counterparty risk i.e. the firm/bank the investment is placed with
- Tax risks

Keeping in view the risks mentioned above, 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 only;
 - Royal Bank of Scotland/Natwest
 - Barclays
 - Lloyds

- HSBC
- Nationwide Building Society
- UK Treasury deposits - These are money market deposits that offer fixed rates of return over an agreed period. They combine certainty with flexibility.

The return on investment (interest) will be held in Trust Central.

Periodically the Finance Director/Manager will review the interest rates being achieved and will compare with other investment opportunities that comply with the parameters of this policy. Any changes in the investment amount or the counter-party will be notified and agreed by the Executive Principle, and signed off by the Chair of the Business Committee.

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