




# Investment Policy

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**November 2023**

<b>Signed (Chair of Trustees):</b>	
<b>Date:</b>	<b>November 2023</b>
<b>Date of Review:</b>	November 2024

*The Arbor Academy Trust reviews this policy annually. The Trustees may, however, review the policy earlier than this, if the Government introduces new regulations, or if the Trust receives recommendations on how the policy might be improved. This document is also available in other formats e.g. e-mail and enlarged print version, on request to the School Offices and is displayed on the schools' websites.*

## **Purpose and scope**

The purpose of the **Investment Policy** is to set out the processes by which trustees will meet their duties under the Trust's Articles of Association and Academies Financial Handbook issued by the EFA 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.

## **Definition of duties**

The Trust 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."

Whilst the Trust Board has responsibility for the Trust's finances, the Scheme of Delegation approved by the Trust Board delegates responsibility to the Finance and Resources Committee:

*To approve the Investments Policy to manage, control and track financial exposure, and ensure value for money; to review the trust's investments and investment policy on a regular basis.*

The Finance Director 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.

## **Objectives**

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.

## **Investment strategy**

Investment risk will be managed through asset class selection and diversification to ensure that security of deposits takes precedence over revenue maximisation. For selection, assets will only be considered with banking institutions which have credit ratings assessed by Fitch and or Moody to show good credit quality. To manage the risk of default, deposits should be spread by banking institution and be subject to a maximum exposure of £100,000 with any PRA authorised institution by the Bank of England (refer to Financial Conduct Authority (FCA)). Whilst this exceeds the protection limit of £75,000 provided by the FCA it is accepted that it is not always practicable to find a sufficient number of investments of this size that meet the prudent criteria outlined in this policy.

**Spending and liquidity policy**

Decisions on how much to invest and how long to invest for, will be based on operational requirements, and demonstrated by cash flow forecasts produced by the Director of Finance. 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. 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. 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.

**Monitoring and review**

The Trust has authorised signatories, two of which are required to sign instructions to the deposit taking institution. The Director of Finance will monitor the cash position and cash flow forecast and report investments held and the performance of investments against objectives to the Finance and Resources Committee at appropriate intervals, depending on the terms of the investments. For example, if investments are held one year then an annual report is appropriate. This Investment Policy has been approved by the Finance and Resources Committee. It will be reviewed by the Finance and Resources Committee on an annual basis to ensure continuing appropriateness.