



Calday Grange
Grammar School

INVESTMENTS POLICY

Date of Review:

May 2024

Member of staff responsible:

Miss Sofia Palios

Approval by Full Governing Body:

May 2024

Date of next review:

Summer 2025

Summary

The objectives of this policy are to ensure that the Academy:

- Maintains sufficient cash balances in its current account to meet its day-to-day commitments
- Invests surplus cash to earn an acceptable rate of return without undue risk
- Considers spreading risk between differing types of investment and institutions to reduce credit risk.
- The Academy's funds are used only in accordance with the law, its articles of association, its funding agreement and the Academy Trust Handbook

The EFA require that the Academy must have an investment policy to manage, control and track their financial exposure, and ensure value for money particularly if using unfamiliar investment techniques.

1. Background

- 1.1. The Academy Trust Handbook allows that the board of Trustees may invest to further their trust's charitable aims, but must ensure that investment risk is properly managed. When considering making an investment the board of trustees must:
 - act within their powers to invest as set out in the Articles of Association;
 - have an investment policy to manage, control and track their financial exposure, and ensure value for money particularly if using unfamiliar investment techniques;
 - exercise care and skill in all investment decisions, taking advice as appropriate from a professional advisor;
 - ensure that security takes precedence over revenue maximisation;
 - ensure that all investment decisions are in the best interests of the Academy and command broad public support; and
 - review the Academy's investments and investment policy regularly
- 1.2. The board should follow the Charity Commission guidance: [CC14 Charities and investment matters: A guide for trustees](#).
- 1.3. Education Funding Agency approval must be obtained for investment transactions which are novel and/ or contentious.

2. Objectives of this Policy

- 2.1. The objectives of this policy are to ensure that the Academy:

- maintains sufficient cash balances in its current account to meet its day-to-day commitments;
- invests surplus cash to earn an acceptable rate of return without undue risk;
- consider spreading risk between differing types of investment and institutions to reduce credit risk.
- By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Academy, commanding broad public support

3. Approach

- 3.1.** The board of Trustees review on a regular basis the level of reserves held by the Academy. As part of this review they assess the short, medium and long term cash and liquidity needs of the school.
- 3.2.** These cash and liquidity needs are determined based upon:
- the Reserves Policy;
 - future capital investments as informed by the long term capital investment plan;
 - anticipated changes in funding levels that may necessitate the use of retained cash to support the Academy's three year plan;
 - cyclical changes in working capital.
- 3.3.** Through determining the cash and liquidity needs of the school over a range of timescales it is possible to identify the periods over which different amounts of cash may be invested or deposited.

4. Responsibility

- 4.1.** The Trustees and Headteacher have overall responsibility for the security and management of funds. The day to day management of the treasury function is controlled by the Chief Financial Officer. The Chief Financial Officer will liaise with the Trustees and Headteacher in relation to investment decisions.

5. Cash Flow Forecasts

- 5.1.** The Chief Financial Officer will prepare and present short, medium and long-term cash flow forecasts to the Finance & Audit Committee to identify expected cash balances throughout the year for investment opportunities and to provide early warning of low cash balances.

6. Borrowing

- 6.1.** The Academy is not permitted to borrow without express prior permission of the Education Funding Agency. The only exception to this is energy efficiency investments funded by loan finance by Salix Finance Ltd.
- 6.2.** In operating the Investment Policy that Academy will plan to ensure that its bank accounts do not become overdrawn.

7. Investments

- 7.1.** The Academy will operate an interest bearing current account for day-to-day operations with a bank approved by the Trustees and maintain sufficient balances to ensure there are adequate liquid funds to cover all immediate and forthcoming financial commitments, including maintaining a sufficient contingency for unexpected payments.
- 7.2.** Cash that is surplus to the working requirements shall be invested in term deposits of differing time periods informed by the cash and liquidity needs of the Academy (3.2). The Academy will not take out any long term investments until a reliable cash flow requirement has been established. Any investments undertaken thereafter will be reviewed regularly with appropriate advice and guidance being taken.
- 7.3.** As an alternative to bank term deposits investments into Money Market Funds may be made provided that the Trustees are satisfied that the risk profile is acceptable to the Academy.
- 7.4.** Any short term surplus cash that is not held in accordance with 7.1 to 7.3 shall be transferred to an instant access deposit account with a bank approved by the Trustees.

8. Authority

- 8.1.** The Trustees reserve the powers to:
 - Give prior approval to the opening of new bank current accounts;
 - Give prior approval to entering into relationships with Money Market Funds;
 - Amend the list of approved institutions with whom the Academy will invest;
 - Give prior approval to any bank deposit with a maturity date exceeding six months;

- 8.2. The Trustees delegate authority to the Chief Financial Officer to place deposits in the Academy's name, at approved institutions, subject to the agreed limits within this policy.
- 8.3. No deposits will be placed without prior agreement of the Headteacher.

9. Risk

- 9.1. In operating this Policy the Chief Financial Officer will consider spreading risk between differing types of investment and institutions to reduce credit and counterparty risk.
- 9.2. The Chief Financial Officer will monitor the credit and counterparty risk relating to all investments and cash held by the Academy.
- 9.3. Any significant deterioration in credit and counterparty risk that may result in increased risk of loss in the capital value of any cash funds invested will be reported to the Finance & General Purposes Committee with immediate effect.

10. Register of Deposits

- 10.1. The Chief Financial Officer will maintain a register of all deposits/investments held which will record:
 - Institution with which deposit/investment placed;
 - Date deposit/investment placed;
 - Amount deposited/invested;
 - Date of maturity;
 - Amount returned;
 - Interest earned.

11. Reporting, Evaluation and Review

- 11.1. The Chief Financial Officer will present the Register of Deposits to the Finance & General Purposes Committee on an annual basis. Periodically (at least annually) the Chief Financial Officer will review interest rates and compare these with investment opportunities through other institutions taking advice as appropriate.
- 11.2. The Academy's Investment Policy will be reviewed on an annual basis.