

CEDARS ACADEMY

INVESTMENTS POLICY

Reviewed: October 2022

Next review date: October 2023

Group: F&S (Audit & Risk)

Mission Statement

*Ours is a community of learning, where secure partnerships create opportunities for students, staff, governors, parents and carers alike to participate and grow to become intellectually, emotionally and socially **fit for life**.*

1 Introduction

The purpose of the Investments Policy is to set out the processes by which the Cedars Academy Trust's Board of Trustees will meet their duties under the Trust's Articles of Association and the Academy Trust Handbook issued by the ESFA 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.

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 the investment instruments are such that there is no risk to the loss of these cash funds.

2 Definitions of Duties

The Trust's Articles of Association give Trustees the power "to expend the funds of the Trust in such a 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 Board of Trustees has responsibility for the Trust's finances, the Scheme of Delegation delegates responsibility to the Finance (Audit & Risk) Committee to:

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

The Chief Executive is responsible for producing reliable cash flow forecasts as a basis for decision making, and is responsible for making investment decisions that comply with this policy. The Chief Executive is responsible for providing sufficient management

information to the Finance (Audit & Risk) Committee so it can review and monitor investment performance.

3 Objectives

The investment objectives are:

- To ensure adequate cash balances are maintained in the current account to cover day-to-day working capital requirements;
- Only invest funds surplus to operational need based on all financial commitments being met without the Trust's bank account becoming overdrawn;
- To ensure there is no risk of loss in the capital value of any cash funds invested;
- To protect the capital value of any invested funds against inflation;
- To optimise returns on invested funds

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.

4 Investment Strategy

Investment risk will be managed through asset class selection and diversification with the aim of ensuring 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 Inspire Financial Management to show good credit quality.

The Trust is able to invest any excess funds (over and above the required day to day funds) in the following types of investment:

- Cash Management accounts;
- Term deposit accounts or instant access deposit account;
- Accepted or endorsed bills of exchange;
- Negotiable, convertible or transferrable certificates of deposit;
- Money market funds

The investment of academy funds in shares or other financial products is not allowed due to the higher risk attached to these investments.

5 Implementation

Funds can be invested as follows:

Period of time funds held on deposit:	Authorisation required:
Up to eight weeks	Chief Executive
Over eight weeks up to 12 months	Chief Executive
Over twelve months	Chair of Board of Trustees, & CEO

Decisions on how much to invest and how long to invest for, will be based on operational requirements, demonstrated by cash flow forecasts produced by the Finance (Audit & Risk) Committee. The cash flow forecasts will take account of the annual budget and spending plans approved by the Board of Trustees 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.

6 Monitoring & Review

The Trust has authorised signatories, two of which are required to sign instructions to the deposit taking institution. The Chief Executive will monitor the cash position and cash flow forecast and report investments held and the performance of investments against objectives to the Finance (Audit & Risk) Committee at appropriate intervals, depending on the terms of the investments. For example, if investments are held for one year then an annual report is appropriate.

Last Reviewed: Oct 2022

Next review date: Oct 2023

Responsibility of: Chief Executive

Ratified by: Trustees (213.10.22)