



WADE DEACON
TRUST

A COMMITMENT TO EXCELLENCE

INVESTMENT POLICY

Policy Number: 32

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Ratified by Trustees: 17th January 2024

Next Review Date: 17th January 2026

Link: Mr S Robertson

A GREAT
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PART OF**

1. AIMS

1.1. This policy aims to ensure that:

- 1.1.1. The academy trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the Academies Financial Handbook
- 1.1.2. The trust's funds are used in a way that commands broad public support
- 1.1.3. Value for money (economy, efficiency and effectiveness) is achieved
- 1.1.4. Trustees fulfil their duties and responsibilities as charitable trustees and company directors

2. LEGISLATION AND GUIDANCE

2.1. [Academies Financial Handbook](#) states that academy trusts are required to have an investment policy to:

- 2.1.1. Manage, control and track their financial exposure
- 2.1.2. Ensure value for money

This policy is based on the Academies Financial Handbook and guidance from [The Charity Commission](#). This policy also complies with our funding agreement and articles of association.

3. ROLES AND RESPONSIBILITIES

3.1. Academy trustees

- 3.1.1. Academy trustees will ensure that investment risk is properly managed. When considering whether to make an investment, trustees will:
 - 3.1.1.1. Act within their powers to invest, as set out in our articles of association
 - 3.1.1.2. Exercise caution in all investments, reducing risk and ensuring that the trust acts with the utmost integrity

- 3.1.1.3. Take investment advice from a professional adviser, as appropriate
- 3.1.1.4. Ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation
- 3.1.1.5. Ensure that all investment decisions are in the best interests of the trust and command broad public support
- 3.1.1.6. Trustees will seek prior approval from the Education and Skills Funding Agency for investment transactions that are novel or contentious.

Novel transactions are those of which the academy trust has no experience, or are outside the range of normal business activity for the trust.

Contentious transactions are those which might give rise to criticism of the trust by Parliament, the public, and the media.

3.2. Compliance committee

- 3.2.1. Academy trustees delegate responsibility for the trust's investments to the compliance committee. The committee is responsible for:
 - 3.2.1.1. Controlling and tracking financial exposure
 - 3.2.1.2. Reviewing the trust's investments
 - 3.2.1.3. Reporting to trustees on investments

3.3. The chief financial officer

- 3.3.1. The chief financial officer (CFO) is responsible for producing cash flow forecasts and for making decisions on investments. The CFO also provides information to the finance committee and academy trustees, as appropriate.

4. INVESTMENT PRINCIPLES

4.1. The Trust holds reserves for a range of reasons:

- **Cashflow** – enabling the trust to manage fluctuations in income by ensuring sufficient cash is available to pay bills and expenditure items as they fall due. For example, the Trust needs to manage cash flow in particular across the Primary Schools
- **Contingency including future change and uncertainty** – setting aside an amount to cover any unforeseen issues or extra costs in-year. This could be to balance budgets where in-year expenditure exceeds income, or planning for a period of reduced pupil numbers, or covering unexpected costs to ensure the trust's overall budget is balanced.
- **Planned investment and improvement** – growing savings to enable maintenance, development, and improvement of the trust's infrastructure to deliver the trust's capital and estates strategy. This could include sinking funds that set aside money each year to grow funds for premises projects and building plans, but could also be significant investment in the curriculum, IT or school improvement strategies.
- **Strategic development and growth** – providing for the trust's financial health. This could include preparing for new schools to join the trust, or for existing schools to expand or investing in the central services of the trust to improve delivery or increase capacity.

4.2. The Trust's strategy is to retain Trust revenue reserve levels between 5% and 20% of total Trust revenue. The Trust strives to have all individual academies to hold around 10% revenue reserves however where this is not possible we revert to the overall Trust strategy.

4.3. We only invest funds in low risk and easily-accessible accounts. Funds will be placed in bank accounts with a withdrawal notice of no more than 6 months.

4.4. Risk is managed through diversification of investments, ensuring that the security of funds takes precedence over revenue maximization.

4.5. Funds will only be placed with banking institutions that are regulated by the Financial Conduct Authority and with good credit ratings.

5. PROCEDURES

5.1. The following people are authorised signatories:

5.1.1. Chief Finance Officer

5.1.2. Chief Operating Officer

5.2. Before any funds are invested, the 2 authorised signatories will sign to indicate they agree to the investment.

5.2.1. The following information will be recorded about investments:

5.2.1.1. Date

5.2.1.2. Amount and description of the investment

5.2.1.3. Length of investment

5.2.1.4. Interest rates/expected return

5.3. The CFO will review interest rates and compare them with other investment opportunities annually.

5.4. Cash flow and current account balances will be monitored regularly by the CFO to ensure immediate financial commitments can be met and that the current account has adequate balances to meet forthcoming commitments

5.5. When there are funds surplus to immediate cash requirements in the current account, we will transfer these to an account with a higher interest rate.

5.6. Investments will normally be for a fixed-term that does not exceed one year unless there is a clear rationale for longer-term investment that would benefit the trust.

5.7. Funds, and any interest earned on those funds, will be automatically reinvested unless money is required for immediate or anticipated expenditure.

6. MONITORING ARRANGEMENTS

6.1. The CFO monitors the implementation of this policy.

6.2. This policy will be reviewed and approved by the academy trustees every 2 years.