Investment Policy

Background

The Trusts are able to make investments and these investments can be a good source of funding, but can also expose the Trust to risks.

A financial investment is when an investment is made to get the best financial return within the level of risk considered to be acceptable. The Charity Commission (2011) advises that trustees have several legal responsibilities when making financial investments. They must:

- Know and act within their powers to invest
- Exercise care and skill when making investment decisions
- Select investments that are right for the Trust. This means taking account of:
    - How suitable any investment is for the trust
    - The need to diversify investments
- Take advice from someone experienced in investment matters unless they have good reason for not doing so
- Follow certain legal requirements if they are going to use someone to manage investments on their behalf
- Review investments periodically
- Explain their investment policy in their annual report

Trustees must be clear about what they aim to achieve through financial investment. They must consider exactly what they want to do, how they intend to do it and what the timescale will be. They must also consider the Trust's long and short term financial commitments as well as its expected income.

Risk

A certain degree of risk is associated with all investments so trustees must do all they can to manage risk levels. Before any investment decisions are made, trustees must consider the level of risk they are able to accept. They must be satisfied that the overall level of risk they are taking is appropriate for the school. Losses may result in a low return on an investment, or the complete loss of all money invested. If this occurs, trustees should review their approach to risk and take the opportunity to learn from their experiences.

Introduction

At The Trust, we are careful with the public money we are entrusted with. We carefully invest any money that is not required to cover anticipated expenditure and take steps to manage the risk associated with financial investments.

Objectives and targets

The purpose of this policy is to ensure that any surplus funds are invested well so that they achieve the best financial returns with the minimum risk. Good financial returns mean that more money can be spent on educating pupils.

Action plan

Adequate cash balances must be maintained to ensure that there are always sufficient funds in the school's current account to cover financial commitments such as payroll and day-to-day expenses. If there is a surplus of funds after all financial commitments have been considered, this surplus will be invested.

Funds should be invested in tranches of up to £50,000 and after agreement from the finance committee. It may be beneficial to invest each tranche with a different financial institution. Funds, and any interest they earn, will be automatically reinvested, unless they are required for immediate or anticipated expenditure.

Monitoring and evaluation

The CEO will compare alternative investment opportunities every six months to ensure that the school's funds achieve the best interest rates.

The CEO is responsible for ensuring that this policy is adhered to.

Reviewing

The CEO and trustees will carry out a review of this policy on a regular basis to ensure that any new or changed legislation is adhered to.