



Investment Policy

The Ivy Learning Trust Investment Policy is monitored by the Local Governing Board and the Board of Trustees and will be reviewed annually.

Date Agreed: 16th December 2017 **Agreed by:** Peter Grant-Haysey on behalf of Trust Board
Review Date: December 2018

Inclusion

The Ivy Learning Trust carefully considers all policies with respect to the impact on equality and the possible implications for pupils and staff with protected characteristics.

Aims and Principles

The purpose of the Investment Policy is to set out the processes by which trustees will meet their duties under the Academy's Articles of Association and Academies Financial Handbook issued by the EFA to invest monies surplus to operational requirements in furtherance of the Academy's charitable aims and to ensure that investment risk is properly and prudently managed.

Definition of duties

The Academy's Articles gives Trustees the powers

- "to deposit or invest any funds of the Academy Trust not immediately required for the furtherance of its Objects (but to invest only after obtaining such advice from a financial expert as the Trustees consider necessary and having regard to the suitability of investments and the need for diversification);
- to delegate the management of investments to a financial expert, but only on terms that:
 - i. the investment policy is set down in writing for the financial expert by the Trustees;
 - ii. every transaction is reported promptly to the Trustees;
 - iii. the performance of the investments is reviewed regularly with the Trustees;
 - iv. the Trustees are entitled to cancel the delegation arrangement at any time;
 - v. the investment policy and the delegation arrangement are reviewed at least once a year;
 - vi. all payments due to the financial expert are on a scale or at a level which is agreed in advance and are notified promptly to the Trustees on receipt; and
 - vii. the financial expert must not do anything outside the powers of the Trustees;
- to arrange for investments or other property of the Academy Trust to be held in the name of a nominee company acting under the control of the Trustees or of a financial expert acting under their instructions, and to pay any reasonable fee required;"

Whilst the Board of Trustees (Governing Body) has responsibility for the Trust's finances and to approve the Investment Strategy and Policy, the Scheme of Delegation delegates responsibility to the Resources Committee, once this has been established:

To scrutinise and advise the Board re Investment Strategy and Policy; to approve investment providers and products; and to scrutinise investment performance and advise the Board

Until the Resources Committee has been formally established, such responsibility will reside with the Board of Trustees and cannot be delegated.

The Central Team 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 Trust Board or Resources Committee as appropriate so they 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 Academy 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 Academy, 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 of at least A-.

To manage the risk of default, deposits should be spread by banking institution and be subject to a maximum exposure of £500,000 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, demonstrated by cash flow forecasts produced by the Central Team. The cash flow forecasts will take account of the annual budget and spending plans approved by the Governing Body and updated on a monthly basis.

A sufficient balance must be held in the current account so that the Academy'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 Academy.

Monitoring and review

The Academy has authorized signatories, two of which are required to sign instructions to the deposit taking institution.

The Central Team will monitor the cash position and cash flow forecast and report investments held and the performance of investments against objectives to the Resources 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.

This Investment Policy has been approved by the Resources Committee. It will be reviewed by the Resources Committee on an annual basis to ensure continuing appropriateness.