

The Yare Education Trust

Investment Policy

This was created and ratified by the Trust Board in:	June 2021
Review Date:	February 2022
Policy Version:	1



**THE
YARE EDUCATION
TRUST**

1. Purpose and Scope

- 1.1 The purpose of the Investment Policy is to set out the processes by which the Trustees of the Trust will meet their duties under the Articles of Association and Academies Financial Handbook issued by the Education Funding Agency, 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.
- 1.2 The Trust aims to manage its cash balances to ensure it can meet its financial commitments when they fall due, whilst protecting, as far as possible the capital value of any surplus cash balances against inflation. In addition, the Trust aims to invest surplus cash funds to optimise returns whilst ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

2. Objectives

- 2.1 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 and School bank accounts 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 as far as possible
- 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 Yare Education Trust's charitable aims and objectives.

3. Guidelines

- 3.1 Regular cash flows are to be prepared and monitored to ensure there are adequate liquid funds to meet the day to day financial needs. The cash flow forecasting will identify a protected base level of working capital below which the alternative 'investment instruments' cannot apply. This base level may change from time to time as advised by the Trust Finance Committee.
- 3.2 Surplus funds identified from time to time above this base level can be invested with or via the following instruments:
 - Interest bearing Bank Deposit accounts
 - Bonds
 - Treasury Bills
 - Money Market Funds via Financial Services Authority banks.
- 3.3 The Trust is authorised to invest funds only in Banks authorised and monitored by the Financial Services Authority.
- 3.4 The investment of Trust funds in shares or other financial products is not allowed due to the higher risk attached to these investments.

4. Implementation

- 4.1. Funds can be invested as follows:

Period of Time	Authorisation Required
Up to six months	Chief Finance Officer
Over six months up to twelve months	Chief Executive Officer
Over twelve months	Trust Finance Committee

- 4.2. 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 Chief Finance Officer and the Assistant Schools' Business Manager. The cash flow forecasts will take account of the annual budget and spending plans approved by the Trust Finance Committee and updated regularly.
- 4.3. 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.
- 4.4. 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.

5. Monitoring and Review

- 5.1. The Trust has authorised signatories, two of which are required to sign instructions to use a deposit taking institution.
- 5.2. The Chief Finance Officer will monitor the cash position and cash flow forecast, reporting on investments held at meetings of the Trust Finance Committee at appropriate intervals.
- 5.3. The Chief Finance Officer will maintain a register of investments, detailing: name of institution; date of deposit; amount; maturity date; amount returned; interest rate and amount earned.
- 5.4. The Investment Policy will be reviewed by the Trust Finance Committee on an annual basis to ensure continuing appropriateness.