

Investment Policy

Policy/Procedure Title	Investment Policy
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AIMS

The Propeller Academy Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the School 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.

The School does not consider the investment of surplus funds as a primary activity, rather it is the result of good stewardship as and when circumstances allow.

OBJECTIVES

- To ensure adequate cash balances are maintained in the current account to cover day-to-day working capital requirements
- 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

IMPLEMENTATION

The PAT will construct such budgets and cash flow forecasts as are required by legislation to ensure the viability and sustainability of the activities of the Schools within the PAT and to ensure there are adequate liquid funds to meet all payroll related commitments and outstanding supply creditors that are due for payment.

From time to time, operational and strategic decisions will result in substantial cash balances at the bank over a sustained period.

Where the cash flow identifies a base level of cash funds that will be surplus to requirements, this may be invested only in the following:

- Interest bearing deposit accounts with any of the following banks only
 - Lloyds TSB
 - Barclays
 - RBS
 - HSBC
- Treasury deposits, with maturity dates which do not result in the cash funds being unavailable for longer than 8 weeks

Prior to investing funds the Chair of the PAT must satisfy himself that the cash flow predictions provided by the Chair of the PAT Finance Committee and Chief Operations Officer are accurate and that the amount/time period of the investment will not compromise the viability and sustainability of the activities of the schools within the PAT.

In making decisions regarding where and how any surplus funds should be invested, due regard will be given to the “Risk that the return on investments is not being maximised” and “Risk that trustees

are not acting in accordance with their Investment Policy (e.g. investing in high risk investments which are not in the best interests of the Schools)”.

The principles which the Board of Directors will adopt is as follows:

- Where practicable the reserve is invested in tranches of up to £100,000
- Consideration should be given to investing each £100,000 tranche in a different authorised financial institution
- All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment

BANKS

If a bank or building society authorised by the Financial Services Authority (FSA) is unable to pay back deposits held with it, the Financial Services Compensation Scheme (FSCS) can pay 100% of the first £85,000 of an eligible depositors claim, **per authorised institution**. The list of authorised institutions and those considered acceptable to use, is provided by the FSA at the following address:

http://www.fsa.gov.uk/Pages/consumerinformation/uk_groups/index.shtml

Periodically (at least every 3 months) the interest rates will be reviewed and compared to other investment opportunities that comply with the parameters of this policy.