

Denefield School

Investment Policy

Approved by Resources Committee on	14 March 2024
Date of next review	March 2025
Review cycle	Annual
Policy control sheet updated	Yes
Type of policy	Required by Academy Trust Handbook
Policy owner	Finance and Business Director
Location of policy	Denefield School website

Investment Policy

Purpose

This policy sets out the process for investing funds that are surplus to day-to-day operational requirements, and ensures that investment risk is properly and prudently managed. It aims to ensure that:

- Denefield School funds comply with investment guidance and controls set out in Charity Commission Guidance¹, Denefield's Articles of Association and Funding Agreement, and the Academy Trust Handbook²;
- The School's funds are used in a way that commands broad public support and achieves value for money;
- Trustees fulfil their duties and responsibilities as charitable trustees and company directors.

Roles and responsibilities

The role of the **trustees** is to:

- Set investment objectives and regularly review investments
- Consider the level of liquid cash required to be held within current accounts
- Approve the type of products that the School can invest in
- Define processes to manage and make investment decisions.

Trustees have delegated the responsibility of ensuring that investment risk is properly managed to the **Resources Committee**.

The Resources Committee is responsible for:

- reviewing and monitoring the School's investments
- controlling and tracking financial exposure;
- reporting to trustees on investments

The **Finance and Business Director** (FBD) is responsible for producing reliable cash flow forecasts and for making investment decisions that comply with the investment principles and procedures set out in this Policy. Investment decisions will be countersigned by the Head Teacher.

Investment Principles

Denefield will adhere to the following principles when considering whether to make an investment. Trustees will:

¹ [CC14 Charities and investment matters: A guide for trustees](#)

² [The Academy Trust Handbook \(section 2.25 and 2.26\)](#) states that academies are required to have an investment policy to manage, control and track their financial exposure; and to ensure value for money.

- act within the School's powers to invest
- exercise caution in all investments, reducing risk and ensuring that the School acts with integrity;
- ensure that security of funds takes precedence over revenue maximisation;
- ensure that all investment decisions are in the best interests of the School and command broad public support.
- Be mindful of the Financial Services Compensation Scheme arrangements which protect only the first £85,000 of an investment with a single institution. For practical reasons, investments do not have to be limited to this maximum.
- Seek prior approval from the Education and Skills Funding Agency for investment transactions that are novel or contentious³.

Investment Products

Following the Banking Crisis in 2008, banks registered with the UK Financial Conduct Authority (FCA) were required to introduce new stress testing and capital requirements to ensure the stability of the UK banking system. Denefield will therefore only deposit funds with banks or building societies that have a UK banking licence, have good credit ratings, and are regulated by the Financial Conduct Authority.

Furthermore, Denefield will only invest surplus funds in low-risk interest-bearing accounts and money-market facilities where the capital is not placed at risk and where the interest rate is higher than any banking charges due. These include:

- Instant or 'easy access' interest-bearing accounts
- Fixed term deposits (typically from 1-month to 12-months)
- ongoing notice accounts with a withdrawal notice of no more than 12 weeks.
- Investments or cash deposits should not exceed 12-months in term unless there is a clear rationale for longer-term investment that would benefit Denefield.

The School will not invest in stocks and shares or other higher-risk investment products where the value of the original investment is not protected.

Higher risk investments will only be made, if at all, 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.

Procedures

Before any funds are invested, the FBD will

- seek prior approval from the Head Teacher for a specific investment using the investment authorisation form (attached at appendix 1). The School currently uses the Insignis investment platform to facilitate investment transactions that comply with this policy.

³ Novel transactions are those of which the School has no experience, or are outside the range of its normal business activity. Contentious transactions are those which might give rise to criticism of the trust by Parliament, the public, and the media.

- regularly monitor cashflow and current account balances to ensure that the current account has adequate balances to meet forthcoming commitments.
- ensure that only funds which are surplus to immediate cash requirements will be invested in an account with a higher interest rate. The cash flow forecasts will dictate how much is available for investment and for how long. Our aim is to ensure funds in the current account do not fall below £200k at any time

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

Monitoring and review

The FBD will report on investments to the Resources Committee for review at least quarterly. The reporting should include:

- Funds invested
- Maturity dates
- Interest rates
- Current market rates
- Returns achieved against expected performance
- Latest cash flows showing 12-month liquidity requirements
- Recommendations for future investments.

Trustees will review the Investment Policy annually.

Links with other policies

This investment policy links with our policies on

- Financial Management Policy and procedures

Appendix 1 –Investment authorisation form

Date		Duration of investment	
Amount			
Interest rate		Bank charge (%)	
Expected annual return			
Description of investment / movement of funds			
<i>State what type of investment is being made and how it will benefit the school</i>			
Account from which funds are being paid			
<i>Insert name and address of bank or building society</i>			
Account to which funds are going			
<i>Insert name and address of bank or building society</i>			
Further details			
<i>Provide relevant information as needed</i>			
Head teacher		FBD	
Signature		Signature	
Date		Date	