Denefield School

Investment Policy

Approved by Resources Committee on	07 October 2026
Date of next review	October 2026
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. It aims to ensure that:

- Investment risk is properly and prudently managed
- Denefield's funds comply with investment guidance and controls set out in Charity Commission Guidance[1], , the Academy Trust Handbook[2], Denefield's Articles of Association, and its Funding Agreement with the DfE.
- Funds are used in a way that has broad public support and achieves value for money;
- Trustees fulfil their responsibilities in relation to investment of public funds as charitable trustees and company directors.

Roles and responsibilities

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

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

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

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

Investment Principles

Denefield adopts a low-risk approach to investing surplus funds. The following principles will apply:

- **risk –** those involved in making and overseeing investments will exercise caution, minimise risk and act with integrity. They will be mindful of the Financial Services Compensation Scheme arrangements which protect only the first £120,000 of an investment with a single institution. For practical reasons, investments do not have to be limited to this maximum.

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

[2] The Academy Trust Handbook (section 2.23) states that academies are required to have an investment policy to manage, control and track their financial exposure, to ensure value for money, and to prioritise security of funds over revenue maximisation.

- **security -** security of funds will take precedence over revenue maximisation. All investment decisions will be in the best interest of the School and command broad public support
- **compliance –** investments will only be made in line with the School's powers to invest. Prior approval from the Department for Education will be sought for investment transactions that are novel or contentious[3].

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:

1. 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.
2. 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:
    - a sweep facility which automatically transfers excess balances from the current account into a short-term deposit account, allowing funds to earn interest while remaining readily available to meet operational cash flow requirements.
    - 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.
3. Denefield will not invest in stocks and shares or other higher-risk investment products where the value of the original investment is not protected.
4. Higher risk investments will only be made 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.
- regularly monitor cashflow and current account balances to ensure that the current account has adequate balances to meet forthcoming commitments.

[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.

- 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			
State what type of investment is being made and how it will benefit the school			
Account from which funds are being paid			
Insert name and address of bank or building society			
Account to which funds are going			
Insert name and address of bank or building society			
Further details			
Provide relevant information as needed			
Head teacher		FBD	
Signature		Signature	
Date		Date	