

Rise Multi Academy Trust: Investment Policy

Approved by the Trust Board: October 2024

Review Date: October 2027

Signed: 

INTRODUCTION

The purpose of the Investments Policy is to set out the processes by which the organisation will invest funds surplus to operational requirements in furtherance of the Trust's charitable aims, and to ensure that investment risk is properly and prudently managed.

The Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations. In addition, the Trust aims to invest surplus funds to optimise returns, whilst ensuring the investment instruments are such that there is no risk to the loss of these funds.

DEFINITIONS OF DUTIES

According to the Articles of Association the Trust is permitted "to deposit or invest any funds of the Company not immediately required for the furtherance of its Object (but to invest only after obtaining such advice from a Financial Expert as the Directors consider necessary and having regard to the suitability of investments and the need for diversification)".

The Chief Financial Officer (CFO) is responsible for producing reliable cash flow forecasts as a basis for decision making, and is responsible for making investment decisions that comply with this Policy. The CFO is responsible for providing sufficient management information to the Finance, Audit, Risk & People committee so it can review and monitor investment performance.

OBJECTIVES

- The investment objectives are:
- To ensure adequate cash balances are maintained in the main bank 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's bank account becoming overdrawn;
- To ensure there is minimal risk of loss in the capital value of investments by ensuring funds are only placed with financial institutions with a rating of at least "A" as per the Fitch ratings agency;
- To protect the capital value of any invested funds against inflation;
- To optimise returns on invested funds;
- To ensure investments are made in companies where the activities of the company are, on ethical grounds, consistent with the published guidance of the Charity Commission on ethical and socially responsible investment of charitable funds. The Trust will not knowingly invest in companies whose activities include practices which directly pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the mission and values of the Trust

By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Trust, commanding broad public support.

INVESTMENT STRATEGY

Investment risk will be managed through asset class selection and diversification with the aim of ensuring that security of deposits takes precedence over revenue maximisation. The Trust is able to invest any excess funds (over and above the required day to day funds) in the following types of investment:

- Cash management accounts;
- Term deposit accounts or instant access deposit accounts;
- Money market deposits
- Negotiable, convertible or transferrable certificates of deposit;

IMPLEMENTATION

Funds can be invested as follows:

Period of time funds held on deposit:

Up to two months

Over two months, up to 12 months

Over twelve months

Authorisation required:

Chief Financial Officer (CFO)

Chief Executive Officer (CEO) & CFO

Chair of Board of Trustees, CEO & CFO

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 CFO. The cash flow forecasts will take account of the annual budget and spending plans approved by the Board of Trustees and updated on a monthly basis.

A sufficient balance must be held in the main bank account so that the Trust's financial commitments can always be met without the 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 3 years in order to provide flexibility for the long term plans, unless a clear rationale is provided for exceeding 3 years to the benefit of the Trust.

MONITORING & REVIEW

The CFO will monitor the cash position and cash flow forecast and report investments held and the performance of investments against objectives to the Finance, Audit, Risk & People committee at appropriate intervals, depending on the terms of the investments.

