

INVESTMENT POLICY 2022-24

Potteries Educational Trust



Policy Family	Finance
Reference	FIN-03

Responsible Manager	Chief Financial Officer
----------------------------	-------------------------

Approval Date	16 th June 2022
----------------------	----------------------------

Issue Number	2
---------------------	---

Next Review Date	June 2024
-------------------------	-----------

Aim

The Potteries Educational Trust (PET) has established an Investment Policy with the aim to manage cash balances and to provide the working capital required for its academies and trust day-to-day operations, whilst protecting the long term value of any surpluses and reserves against inflation. The Trust therefore aims to invest surplus cash funds in a way that optimises returns whilst ensuring there is a minimal risk of loss of these funds.

Scope

This policy and associated Financial Regulations and Procedures apply to The Potteries Educational Trust, which includes a number of member organisations. Collectively, the member organisations within the trust are referred to as the Trust.

Policy

The Potteries Educational Trust acknowledges that effective cash management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in cash management, and to employing suitable performance management techniques, within the context of effective risk management.

The Trust will adopt a strategy for the investment of surplus funds as follows:

1. Cashflow Management

Regular cashflow forecasts are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll commitments and outstanding creditors due for payment.

Where cashflow forecasts indicate that a base level of cash funds will be surplus to the day-to-day requirements of the individual academy then these funds may be invested following a recommendation to the Chief Financial Officer and subsequent approval by the Finance and Resources Committee.

In making a final decision and recommendation to trustees with regard to investment options, the Chief Financial Officer will compare interest rates and returns across the market to ensure the Trust is getting a fair return, having due regard for risk and the economic situation at that time.

Successful approvals to invest funds will be reported back to academy business / finance managers by the Chief Financial Officer.

Each quarter the Chief Financial Officer will survey the market for alternative rates, and will report to the Finance and Resources committee when more beneficial options may be available

2. Periods of deposit

These will be assessed based on information in forecasts of cashflow, always maintaining a minimum of one month's payroll on instant access terms. Any sums to be placed for greater than one year will be identified in the annual budget to board of trustees. Other shorter periods will be assessed and reviewed by the Chief Financial Officer and reported to the Finance and Resources Committee.

3. Risk Management

Where total deposits exceed £2,500,000 the Trust will seek to place sums with two or more institutions, to achieve a reasonable spread of risk. The risk rating of deposit-takers used will be regularly reviewed and any deterioration in ratings may result in the funds being placed elsewhere.

4. Approved Deposit Takers

The Trust will generally place sums with the Trusts bankers, unless significant benefit can be obtained by placing sums elsewhere. In these circumstances the Chief Executive Officer and Chief Financial Officer are authorised to recommend the placement of Trusts funds to trustees through the Finance and Resources Committee: -

- On deposit with the other major UK Clearing banks.
- On deposit with building societies with assets of more than £1 billion belonging to the Building Societies Association.
- Investments must be placed with Financial Services Compensation Scheme (FSCS) registered companies

Implementation

Implementation of this policy will be the responsibility of the Chief Financial Officer, who will act on behalf of the Trust in all matters relating to the management of reserves and investments.

Communication

This Policy will be circulated to appropriate staff within the Trust and is available on the Potteries Educational Trust website.

Monitoring

The responsible manager named on the front of this policy is responsible for ensuring that this document is kept up to date and revised as appropriate, seeking management and/or trustee approval in advance of the review date so that a new version can be communicated to staff and stakeholders in a timely fashion.

Associated Information and Guidance

The Policy will also be reviewed in line with governmental guidance 'Charities and investment matters: a guide for trustees'.

See this link: <https://www.gov.uk/government/publications/charities-and-investment-matters-a-guide-for-trustees-cc14/charities-and-investment-matters-a-guide-for-trustees>