

Treasury Management Investment Policy

Version and Date		Action/Notes: Reviewed every 2 years
1.0	07.09.17	Approved by Trustees
1.0	04.12.17	Investment policy – approved by A&R
2.0		

Introduction:

Treasury Management is defined as:

- the management of Elevate Multi Academy Trust's (Elevate) cash flows, banking and investment transactions,
- the management of the risks associated with these activities
- the pursuit of optimal returns consistent with those risks
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The objectives of this policy are to ensure that Elevate:

- Elevate's funds are used only in accordance with the law, its Articles of Association, its funding agreement and the Academies Financial Handbook;
- Maintains sufficient cash balances in its current account to meet its day to day commitments;
- Invests surplus cash to earn an acceptable rate of return without undue risk;
- Consider spreading risk between differing types of investment and institutions to reduce credit risk;
- Elevate's funds are used in a way that commands broad public support;
- Value for money (economy, efficiency and effectiveness) is achieved;
- The Trustees fulfil their duties and responsibilities as charitable trustees and company directors.

Legislation and Guidance:

This policy is based on the Academies Financial Handbook and guidance from The Charity Commission. This policy also complies with the Funding Agreement and Articles of Association and links with Elevate's other financial policies.

Responsibility:

The CEO and the Trustees have overall responsibility for the security and management of funds. The day to day management of the treasury function is controlled by the **Finance Manager (FM)**. The FM will liaise with the Trustees in relation to investment decisions.

Trustees:

Trustees will ensure that investment risk is properly managed. When considering whether to make an investment, Trustees will:

- Act within their powers to invest, as set out in the Articles of Association;
- Exercise caution in all investments, reducing risk and ensuring that the trust acts with the utmost integrity;
- Take investment advice from a professional adviser, as appropriate;
- Ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation;
- Ensure that all investment decisions are in the best interests of the Trust and command broad public support

Trustees will seek prior approval from the Education and Skills Funding Agency (ESFA) for investment transactions that are novel or contentious.

Novel transactions are those of which the academy trust has no experience, or are outside the range of normal business activity for the Trust.

Contentious transactions are those which might give rise to criticism of the trust by Parliament, the public, and the media.

Elevate Audit & Resources Committee:

Trustees have delegated responsibility for Elevate's investments to Elevate Audit & Resources Committee.

The committee is responsible for:

- Controlling and tracking financial exposure
- Reviewing the trust's investments
- Reporting to trustees on investments

The FM and Financial Consultants (AVEC):

The FM and AVEC are responsible for producing cash flow forecasts and for making decisions on investments. The FM also provides information to Elevate Audit & Resources committee and Trustees, as appropriate.

Cash Flow Forecasts:

The FM will prepare and present regular 12 months rolling cash flows to the Trustees to identify expected cash balances throughout the year for investment opportunities and to provide early warning of low cash balances.

Borrowing:

Elevate is not permitted borrow without prior permission of the Secretary of State.

Investments:

Elevate will operate an interest bearing current account with a bank approved by the Trustees (Lloyds Bank) and maintain sufficient balances to ensure there are adequate liquid funds to cover all immediate and forthcoming financial commitments, including maintaining a sufficient contingency for unexpected payments.

Monies surplus to the working requirements shall be invested in term deposits with Lloyds. Elevate will not take out any long term investments until reliable cash flow pattern had been established, monies will only be paid into term deposits not exceeding six months.

Limits and Authority:

The Trustees reserve the powers to:

- Give prior approval to the opening of new bank current accounts;
- Amend the list of approved institutions with whom Elevate will invest (currently only Lloyds Bank):
- Give prior approval to any bank deposit with a maturity date exceeding six months.

The Trustees delegates authority to the FM to place deposits in Elevate's name, at approved institutions, subject to the agreed limits within this policy. No deposits will be placed without prior agreement with the CEO or other signatory subject to the relevant limits.

Authorised bank signatories of Elevate are set out in the Academy Trust's Financial Regulations

Manual.

Register of Deposits:

The FM will maintain a register of all deposits/investments held which will record:

- Institution with which deposit placed
- Date deposit placed
- Amount deposited
- Date of maturity
- Amount returned
- Interest earned
- Rate of Interest

Monitoring, Evaluation and Review

The FM will present the Register of Deposits to the Trustees on an annual basis.

Periodically (at least annually) the FM will review interest rates and compare these with investment opportunities through other institutions.

Investment Principles:

- Elevate only invest funds in low risk and easily-accessible accounts. Funds will be placed in bank accounts and other recognized financial institutions with a withdrawal notice of no more than 12 weeks.
- Risk is managed through diversification of investments, ensuring that the security of funds takes precedence over revenue maximization.
- Funds will only be placed with recognized financial institutions that are regulated by the Financial Conduct Authority and with good credit ratings.

Procedures:

The following people are authorised signatories:

CEO

Chair of the Board of Trustees

Chair of Elevate's Audit & Resources Committee

Before any funds are invested, the 2 authorised signatories will sign an investment authorisation form to indicate they agree to the investment.

The following information will be recorded about investments:

Date

Amount and description of the investment

Length of investment

Interest rates/expected return.

The FM will review interest rates and compare them with other investment opportunities annually.

Cash flow and current account balances will be monitored regularly by the FM to ensure immediate financial commitments can be met and that the current account has adequate balances to meet forthcoming commitments.

When there are funds surplus to immediate cash requirements in the current account, the surplus funds will be transferred to an account with a higher interest rate.

Investments will normally be for a fixed-term that does not exceed one year unless there is a clear rationale for longer-term investment that would benefit Elevate.

A maximum of £85,000 will be placed with one financial institution. This is because the first £85,000 of an investment is protected by the Financial Services Compensation Scheme.

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