



Castledon School Academy Trust

Investment Policy

Background

Academies are able to make investments and these investments can be a good source of funding, but can also expose schools to risks. A financial investment is when an investment is made to get the best financial return within the level of risk considered to be acceptable. At Castledon School, we are careful with the public money we are entrusted with and take steps to manage the risk associated with financial investments.

The board of trustees may invest to further their trust's charitable aims, but must ensure that investment risk is properly managed. When considering making an investment the board of trustees must:

- act within their powers to invest as set out in their articles of association;
- have an investment policy to manage, control and track their financial exposure, and ensure value for money particularly if using unfamiliar investment techniques;
- exercise care and skill in all investment decisions, taking advice as appropriate from a professional adviser;
- ensure that security takes precedence over revenue maximisation;
- ensure that all investment decisions are in the best interests of the trust and command broad public support; and
- review the trust's investments and investment policy regularly.

Trustees must be clear about what they aim to achieve through financial investment. They must consider exactly what they want to do, how they intend to do it and what the timescale will be. They must also consider the school's long and short term financial commitments as well as its expected income.

Risk

A certain degree of risk is associated with all investments so trustees must do all they can to manage risk levels. Before any investment decisions are made, trustees must consider the level of risk they are able to accept. They must be satisfied that the overall level of risk they are taking is appropriate for the school. Losses may result in a low return on an investment, or the complete loss of all money invested. If this occurs, trustees should review their approach to risk and take the opportunity to learn from their experiences.

Policy

Castledon School Academy Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the academy aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds. Our aim is to spend the public monies with which we are entrusted for the direct education benefit of students as soon as is prudent. The school does not consider the investment of surplus funds as a primary activity, rather it is the result of good stewardship as and when circumstances allow.

The purpose of this policy is to ensure that any surplus funds are invested well so that they achieve the best financial returns with the minimum risk. Good financial returns mean that more money can be spent on educating pupils.

If there is a surplus of funds after all financial commitments have been considered, this surplus will be invested. **Either:-Funds should be invested in tranches of up to £50,000 and after agreement from the Full Governing Body. It may be beneficial to invest each tranche with a different financial institution. Funds, and any interest they earn, will be automatically reinvested, unless they are required for immediate or anticipated expenditure.**

Or:- in a UK regulated bank. Where the surplus is deemed to be significant and long-term, funds may be invested in Treasury deposits, with maturity dates which do not result in the cash funds being unavailable for longer than 12 weeks upon agreement of the Governing Body.

The business manager will compare alternative investment opportunities every six months to ensure that the school's funds achieve the best interest rates. The headteacher and business manager are responsible for ensuring that this policy is adhered to.

The headteacher and trustees will carry out a review of this policy on a regular basis to ensure that any new or changed legislation is adhered to.

Next school review due: September 2016