Academies Trust

The Co-operative Academies Trust

Investment Management Policy

March 2020

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INVESTMENT MANAGEMENT POLICY

1. INVESTMENT MANAGEMENT PRINCIPLES

1.1 The Co-operative Academies Trust (Trust) acknowledges the requirements of its funding agreements with the Secretary of State for Education and the Education Funding Agency.

1.2 The Trust will manage its financial affairs in accordance with the provisions of relevant legislation as amended from time to time and the provisions of the Academies Financial Handbook as published by the Department for Education and Skills and amended from time to time.

1.3 The Trust adopts the principles of financial probity set out in CIPFA's "*Treasury Management in Public Services"* Code of Practice and Cross-Sectoral Guidance Notes (2017) and will seek to operate in accordance with those principles in all of its investment management activities.

1.4 The Trust recognises that its purpose is the provision of education. The primary objectives of its Investment Management Policy will be the protection and maximisation of the financial resources available to it to be used to achieve its primary objectives and the management of the associated risks, organisational and financial, which might threaten its ability to do so. In all Investment Management matters the Trust is risk averse. Its Investment Management Policy, Procedures and Strategies shall be structured so as to minimise exposure to risks that could jeopardise the security or value of its assets or otherwise impede the delivery of its primary objectives.

1.5 The Board of Directors is responsible for formulating, reviewing and monitoring Financial Regulations, Investment Management Policies and Procedures and the Scheme of Delegation for Investment Management.

1.6 The Board of Directors is responsible for providing an effective control framework under which investment activities are performed, managed and controlled.

1.7 Responsibility for implementing policies and strategies and reporting on their implementation rests with the Chief Operating Officer (COO) in consultation with the Chief Executive (CEO). The COO and his/her staff shall be required to comply with the provisions of the relevant legislation and the Academies Financial Handbook as published by the Department for Education and Skills and amended from time to time and to be mindful of the principles set out in the CIPFA Code of Practice.

1.8 In order that the Board of Directors is able to undertake its responsibility for reviewing and monitoring Financial Regulations, Investment Management Policies and Procedures and the Scheme of Delegation for Investment Management, the Board will receive reports from the COO :-

(a) on the implementation of approved Investment Management strategies within the parameters of Investment Management Policy at least annually,

(b) reviewing the strategies themselves and Investment Management performance at least once a year and within six months of the end of each financial year,

(c) reviewing the skills, knowledge and experience at both Board and officer levels, as well as the systems and access to independent advice, necessary to the identification and management of the investment risks to which the Trust is exposed on an ad-hoc basis to meet changing circumstances and at least annually, including recommendations of action required to address any identified weaknesses, and

(d) reviewing this Investment Management Policy at least every two years or more frequently if circumstances demand it.

1.9 Central to the Trust's management of financial risks is its financial plan. Through stress testing, risk and sensitivity analysis using the plan (which recognises the nature of its assets) it will form its view of the nature and term of investments that it is prepared to undertake.

2. TREASURY MANAGEMENT

2.1 The Trust will hold its surplus funds as cash or cash equivalents and will not invest in gilts, equities or other non-money assets that have market reactive pricing and may suffer diminution of value if liquidated in response to cash requirements rather than market conditions.

2.2 The Trust will invest funds which are surplus to its forecast cash needs for periods of up to 3 months. It will lend or deposit its surplus funds only to (or deposit them only with) UK incorporated institutions falling under the supervisory regime of the Financial Conduct Authority Ltd. and having a Fitch Ratings Short Term Rating of F1, F2 or F1+. In order to diversify exposure no more than £4.0m will be deposited with any one institution. In exceptional circumstances when large cash balances are to hand it may be necessary to temporarily exceed this limit in order to place surpluses on interest earning deposit. In such circumstances policy limits will be re-imposed as soon as it is practicable to do so. See Appendix A for those institutions that currently meet the suggested criteria and would be readily accessible to Trust Members.

2.3 The Trust will maintain a cash budget that identifies its future need for liquidity required to meet its obligations and the amount and timing of temporary cash surpluses. The Trust will not normally lend or deposit its surplus funds externally for periods of longer than three months other than in accordance with a strategy approved at Board level.

2.4 In the circumstances described in 2.1 to 2.3 above, The Trust's policy is to manage its cash in-house and not to employ external treasury advisors.

2.5 The Trust will ensure through its monthly cash-flow forecasts and annual financial plans that it will have sufficient liquidity at all times to meet its payment obligations.

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Appendix 1

Financial Institutions (Counterparties) meeting the recommended counterparty selection criteria

Lloyds Banking Group (Inc. Lloyds Bank)
Barclays Bank
Royal Bank of Scotland (Inc. NatWest Bank)
Santander Bank U.K.
HSBC Bank