



Astrea Academy Trust  
INSPIRING BEYOND MEASURE

## **Investment Policy 2023/24**

Date	September 2023
Written by	Head of Trust Finance/Financial Controller
Review Date	July 2024, then annually upon publication of the Academy Trust Handbook

## **Purpose**

This policy sets out the principles for how the Trust invests its cash reserves in order to get the best return while minimising risk and managing operating requirements.

## **Investment Management & Cash Holding**

Cash is held for 5 main reasons:

- a. Day-to-day cash flow management to ensure employees and suppliers can be paid.
- b. Where the organisation is growing and needs to build capacity in advance of need.
- c. As a safety net against reduced funding to allow time for correction of any organisation structure, paying for any short term deficit and subsequent restructuring costs.
- d. To allow for investment in vital infrastructure and teaching/learning equipment on a needs basis.
- e. To meet any short term emergencies.

The level of cash held and use thereof is reviewed annually via a cashflow budget as part of the annual budget.

## **Oversight by Trustees**

In accordance with the Academies Trust Handbook the board of trustees may invest to further the trust's charitable aims, but must ensure that investment risk is properly managed. When considering an investment, the board must:

- Set investment objectives
- Set the parameters that deposit counterparties need to meet
- Consider the level of liquid cash required to be held either overnight or within current accounts
- Approve the type of products that the Trust can invest in and seek external guidance if required
- Define processes to manage and make investment decisions
- Monitor and review investments on a regular basis

Trustees should follow the Charity Commission's guidance: CC14 Charities and investment matters: A guide for trustees. ESFA's approval must be obtained for novel, contentious and/or repercussive investments.

## **Investment of Cash**

Where the Trust has cash reserves that it does not need in the short-medium term it will invest them in deposit accounts to earn a return that can be re-invested in the Trust's core objectives.

The investments will be a mixture of long-term deposits of up to 12 months for cash that can be set aside for longer periods, and short-term deposits or instant access accounts where cash may be needed for operating requirements but can generate sufficient returns to justify the deposit.

The Trust will always maintain a minimum buffer of cash to cover short-term fluctuations. It is expected this amount would be around £500k but the figure may vary based on requirements.

The Trust will have regard to ethical, environmental, social and governance considerations when making investment decisions and will develop its policies in this respect over time. Where adequate rates of return are available via ethical organisations that support charities and social enterprises, the Trust will actively seek opportunities to invest in such accounts.

The investments will be managed by the Financial Controller. To provide additional checks and controls all accounts would require written authorisation by two members of the Executive team before they are opened. All accounts would also require two signatories; for long-term deposits, which typically are of higher values, one of the signatories would need to be an Executive Director.

### **Risk Management**

The priority is to avoid medium or high levels of risk and the risk will be reduced by following the measures listed below.

The Trust will avoid volatile investment instruments, ensuring security takes precedence over revenue generation.

Investments will be spread across multiple organisations or investment types.

Bank or building societies must be FCA and PRA regulated.

Preference will be given to investment vehicles that have at least an adequate credit rating measured by Standard and Poor, Fitch, Moody's, or another reputable credit rating agency.

For any single institution that has a credit rating or implied credit rating deemed as speculative (at the time of deposit) i.e. BELOW:

- Baa3 / P-3 (Moody's) or
- BBB- / A-3 (S&P) or
- BBB- / F3 (Fitch)

The Trust will deposit no more than £85,000 (plus interest accrued)

For Institutions with a "good" or better credit rating (also known as Investment grade), the Trust will deposit a maximum of £5,000,000 (plus interest accrued) These ratings include:

- Baa3 / P-3 or better (Moody's) or
- BBB- / A-3 or better (S&P) or
- BBB- / F3 or better (Fitch) or
- An implied rating of BBB- or better

A report summarising the current position will be submitted to the Finance and Budget Committee and the Audit, Risk and Assurance Committee every 6 months.

The Trust's Finance and Budget Committee and the Audit, Risk and Assurance Committee will review the Investment Policy on an annual basis and where appropriate make recommendations to the Trust Board.