

Treasury Management and Investment Policy

RELATING TO

All Academies of the Shaw Education Trust

for the financial year 1st September 2017 to 31st August 2018

**WAS APPROVED BY THE EXECUTIVE LEADERSHIP TEAM
OR BOARD OF TRUSTEES**

ON

.....

SIGNED BY MEMBER OF THE BOARD

NAME [Print].....

POSITION.....

Summary

This policy and procedure document covers how the Trust will invest its surplus cash funds to ensure that maximum interest returns consistent with the Trust's risk appetite and achieves value to be reinvested into services for the benefit of its beneficiaries.

1. Introduction

The Education & Skills Funding Agencies, Academies Financial Handbook 2017 outlines that the board of trustees may invest to further their trust's charitable aims.

This procedure document covers how deposits will be managed to ensure that there are adequate controls in place to mitigate risks.

The base currency for all investments will be pounds sterling.

2. Investment Objectives

The charity's motive for making investments is to maximise the returns that can be received so as to generate funds for the benefit of its beneficiaries.

The Trust does not prescribe an overall return expectation and is not using investments to fund particular projects or ongoing business expenditure.

3. Risks

The key risks that need to be controlled with regard to the placing of short-term deposits are:

- Fraudulent payments being made – this risk is higher due to the large value of the deposits.
- Inappropriate investments being made – i.e. with unstable or disreputable providers
- Not maximising the Trust's returns – i.e. by not effectively monitoring interest rates
- Revenue maximisation taking precedent over security of funds

4. Cash Flow Forecasting

The Trust will maintain an ongoing cash flow forecast to establish the levels of short-term deposits that can be placed.

The Trust will maintain a £3m "buffer" in its cash flow forecast to cover any income shortfall or unanticipated items of expenditure. Once this "buffer" has been taken into account, if there is a cash surplus of £500k or over then this will be deemed appropriate for a short-term deposit.

5. Counter-parties and Counter-party limits:

Only organisations with a security rating of “AAA” will be considered as suitable for the placing of short-term deposits.

The Trust’s current counterparties are:

- RBS
- Natwest

Any changes to these counterparties require approval from the Finance and Audit Committee before any investment is placed. Any breaches to this policy will be reported to the Committee.

6. Investment levels and Maturity Profile Limits

The minimum amount to be invested in any short-term deposit is £100k. The maximum amount is £2.0m.

The minimum length of time for a short-term deposit will be three months with a maximum of 2 years.

7. Reporting

The performance of short-term deposits will be reported to the Trustees at the Finance and Audit Committee.

The report will include an Investments section which will include:

- A list of current investments
- Counterparty limits and any breaches
- Maturity Limits and any breaches
- Summary cashflow forecast
- Any other key issues.

8. Review and Revision

Any amendments required to this procedure document will need to be presented to the Finance and Audit Committee for review before being actioned.