Investment and Returns Policy

Signhills Academy

Approved by:	Finance	**Date:**	Spring 2025
Next review due by:	Spring 2026		

INVESTMENT & RESERVES POLICY

Aims

Our aim is to spend the public monies with which we are entrusted for the direct educational benefit of our students as soon as is prudent. The Academy does not consider the investment of surplus funds as a primary activity, rather it is the result of good financial stewardship.

The aim of this policy is to ensure that funds which the Academy does not immediately need to cover anticipated expenditure, are invested in such a way as to maximise the school's income but without putting the capital value at unacceptable risk.

Objectives

- To ensure that adequate cash balances are maintained in the current account to cover day-to-day working capital requirements;
- To ensure that there is no unacceptable risk of loss to the capital value of any financial assets invested;
- To protect the capital value of financial assets against inflation; and
- To optimise returns on invested funds

Guidelines

Regular cash flows are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll commitments, outstanding creditors that are due for payment and any short term capital investment expenditure. In addition, the Academy will maintain a short term cash reserve equivalent to at least one month's expenditure to provide financial security and meet any emergency short notice cash requirements.

Capital volatility cannot be tolerated in these short term reserves and investment of these assets should be focused on minimising this. Short term reserves would be invested in Treasury Deposits or institutions authorised by the Prudential Regulation Authority, or its successor, and only in interest bearing deposit accounts with maturity dates which do not result in the cash funds being unavailable for longer than 8 weeks.

Where the cash flow forecast identifies a base level of cash funds that will be surplus to short term requirements these may be invested in a diversified investment portfolio. Such a portfolio would contain mainly low or medium risk investments such as cash, bonds or property and some higher risk investments such as shares. The Academy accept that the capital value may go up or down in the short term but wish to protect its financial reserves against the effect of inflation over the long term.

Ethical Investment

The Academy's financial assets should be invested in line with the overall aims. The Governors do not wish to adopt an exclusionary policy, but individual investments may be excluded if perceived to conflict with the Academy's purpose.

Management of financial assets

The Academy has appointed independent financial advisors to manage its financial assets on a discretionary basis in line with this policy. The Academy's advisors are entrusted to:

- Ensure cash is earning best rates of return possible;
- Undertake due diligence on banks and buildings societies before investments made;
- Analyse the financial strength of financial institutions on an ongoing basis;
- Advise the Academy on the investment of any financial assets surplus to its short to medium term requirements; and
- Ensure there is an appropriate spread of investments to minimise risk of loss.

All cash and investments are to be held in the name of the Academy. The Academy's appointed financial advisors are required to present to the Finance and Audit committee on an annual basis on the performance of Is investments.

Reporting and monitoring

The Finance and Audit committee has responsibility for agreeing the investment strategy and monitoring the performance of investments. The Committee will review on a termly basis:

- analysis of return on investments;
- risk profile; and
- asset allocation.

Performance will be monitored against agreed market benchmarks, and against the investment objective of inflation plus for any long term investments.

The Finance and Audit committee is to report formally to the Full Governing body on at least an annual basis. This report will include performance of investments and compliance with investment guidelines.

Policy review

This Policy shall be reviewed annually by the Finance and Audit committee to determine if modifications are necessary or desirable. If modifications are made, they shall be subject to approval by the Full Governing body.