



Transforming Lives

EDUCATIONAL TRUST

# Investment Policy

December 2021

## Version Control

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## 1 – Scope

1.1 This policy applies to all Trustees of the Transforming Lives Educational Trust.

## 2 – Policy Statement

- 2.1 This policy provides guidance to ensure that the Trust's funds are used only in accordance with the Trust's [Articles of Association](#), its [Master Funding Agreement](#), the [Academy Trust Handbook](#) and all legal requirements.
- 2.2 This policy provides guidance to ensure that value for money (economy, efficiency, and effectiveness) is prioritised when investing funds.
- 2.3 This policy provides guidance to ensure that Trustees fulfil their duties and responsibilities as charitable Trustees and company directors.

## 3 – Principles

- 3.1 The [Academy Trust Handbook](#) (paragraph 2.25) states that, “the Board of Trustees may invest to further the Trust's charitable aims but **must** ensure investment risk is properly managed. When considering an investment, the Board **must**:
- act within its powers to invest as described in its Articles;
  - have an Investment Policy to manage and track its financial exposure, and ensure value for money;
  - exercise care and skill in investment decisions, taking advice as appropriate from a professional adviser;
  - ensure exposure to investment products is tightly controlled so security of funds takes precedence over revenue maximisation;
  - ensure investment decisions are in the Trust's best interests;
  - review the Trust's investments and Investment Policy regularly.”
- 3.2 The Trust Board should follow the Charity Commission's guidance, [CC14 Charities and Investment matters: A Guide for Trustees](#).
- 3.3 The [Education and Skills Funding Agency's](#) approval must be obtained for novel, contentious and/or repercussive investments.
- 3.4 The Trust Board delegates responsibility for the Trust's investments to the Audit and Risk Committee (ARC). The ARC is responsible for:
- Controlling and tracking financial exposure;
  - Reviewing the Trust's investments;
  - Reporting on investments to the Trust Board.
- 3.5 The Trust does not prescribe an overall return expectation and is not using investments to fund particular projects or ongoing business expenditure.
- 3.6 The Trust'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, but whilst only investing funds in low-risk investments. The risk associated with any potential investment will be determined by the ARC on advice from the Chief Financial Officer (CFO).
- 3.7 The key risks that need to be controlled with regard to the placing of investments are:
- The risk of fraudulent payments being made – this risk is higher due to the large value of the deposits;
  - The risk of inappropriate investments being made – i.e. with unstable or disreputable providers;
  - The risk of not maximising the Trust's returns – i.e. by not effectively monitoring interest rates;
  - The risk of revenue maximisation taking precedence over security of funds.

- 3.8 The Trust will maintain a buffer in its cash-flow forecast to cover any income shortfall or unanticipated items of expenditure. Only once this buffer has been taken into account will any cash surplus be deemed appropriate for a short-term deposit.
- 3.9 The ARC will determine the buffer on advice from the CFO.

## 4 – Definition of Terms

- 4.1 **The Trust**, for the purposes of this policy, refers to Transforming Lives Educational Trust.

## 5 – Procedure

- 5.1 The CFO is responsible for producing cash-flow forecasts and for making decisions on investments. The CFO also provides information to the ARC and Trust Board as appropriate.
- 5.2 Regular cash-flows are prepared and monitored to ensure there are adequate liquid funds to meet all payroll-related commitments and immediate current liabilities that are due for payment.
- 5.3 The ARC will determine the level of buffer required in the Trust's cash-flow forecast to cover any income shortfall or unanticipated items of expenditure on advice from the CFO. If a cash surplus exists once this buffer has been taken into account, this surplus will be deemed appropriate for investment.
- 5.4 Where sufficient funds exist, the CFO will seek to recommend investment opportunities in line with the principles above. These opportunities will be identified in consultation with the CEO, in their dual role as Accounting Officer.
- 5.5 Any investment must be approved by the ARC and subsequently ratified by the Trust Board.
- 5.6 When required, the CFO will report the performance of investments to the ARC. The report will include:
- A list of current investments;
  - Summary cashflow forecast;
  - Any other key issues.
- 5.7 Draw-down and re-allocation of invested funds will be recommended to the ARC by the CFO and CEO/AO, with due consideration given to the aims outlined in TLET's Strategic Plan.
- 5.8 Draw-down and re-allocation of invested funds will be recommended to the Trust Board by the ARC.

## 6 – Monitoring

- 6.1 It is the responsibility of the Trust Board and those to whom it delegates the authority, to ensure that the principles and procedures of this policy are adhered to. The use of this policy will be subject to routine monitoring to ensure its fidelity in practice. The evidence gathered from monitoring shall inform any reviews and future revisions to the policy, which will be carried out at regular intervals and no later than as stated on Page 2 of this policy.

### Related Documents

[TLET Articles of Association](#)

[TLET Master Funding Agreement](#)

[Academy Trust Handbook](#)

[CC14 Charities and Investment matters: A Guide for Trustees](#)