



# Education Trust

‘Inspiring the individuals of today, for a better society to tomorrow,  
“Aspire, Belong, Collaborate”

## RET INVESTMENT POLICY

Review Frequency	Annually
Reviewed	November 2025
Next Review	November 2026
Agreed by Trustees	5 <sup>th</sup> December 2025



**This policy should be considered in conjunction with the Reserves Policy**

### PRINCIPLES

The Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the academy aims to invest surplus cash funds to optimise returns, whilst ensuring that the investment instruments are such that there is no risk to the loss of these cash funds.

Due to the nature and timing of receipt of funding, the Academies may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment (deposit) accounts to take advantage of higher interest rates. No other form of investment is authorised. The Trust does not consider the investment of surplus funds as a primary activity, rather it is the result of good stewardship as and when circumstances allow.

Day to day management of surplus funds (\*) is delegated to the Chief Finance Officer in accordance with the guidelines set out and approved by Trustees as below.

Returns on investments will be used for the benefit of the Trust and all pupils.

\*Surplus funds are those exceeding the sums required to manage the day to day payroll and creditor commitments of the Trust and maintaining a working capital contingency.

### PURPOSES

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

### RESPONSIBILITY

The Trustees delegate the day-to-day responsibility of managing and implementing the investment policy to the Chief Executive Officer and Chief Finance Officer to ensure investments are managed in accordance with this policy and monitor regularly how the Trust's investments are performing.



## GUIDELINES

### Assessing Liquidity Needs

The Academies Trust Handbook states that cash flows must be included within the management accounts information provided to Trustees. Regular (annual and daily) cash flows are to be prepared and monitored by the Chief Finance Officer to ensure there are adequate liquid funds to meet all payroll related commitments and outstanding supply creditors that are due for payment. The Trust's cash flow forecasts will dictate how much is available for investment and for how long. The cashflow forecasts should be reviewed monthly as part of the management accounts cycle and on maturity of fixed term deposits.

### Counterparty risk

Following the Banking Crisis in 2007/2008, The Bank of England have (through the FSA and latterly, the FCA and PRA) implemented changes to banking regulation and capital requirements of UK FCA registered banks to ensure the stability of the UK Banking system.

***Taking this and the DfE guidance into account, The Trust can only make cash deposits with institutions with a UK banking licence regulated by the FCA. The Trust will not enter into any "capital at risk" Investments***

### Counterparty Restrictions

Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested only in the following:

For Institutions with an Investment Grade "good" or better credit rating or implied credit rating the Trust can deposit a maximum of £5,000,000 (plus interest accrued) in any one institution.

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



Rating	Moody's		S&P		Fitch	
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
Investment grade: Highest (Triple A)	Aaa	P-1 (Prime-1)	AAA		AAA	
Investment grade: Very high	Aa1 Aa2 Aa3		AA+ AA AA-	A-1+	AA+ AA AA-	F1+
Investment grade: High	A1 A2 A3	P-2/P-1 P-2/P-1	A+ A A-	A-1	A+ A A-	F1/F1+ F1 F2/F1
Investment grade: Good	Baa1 Baa2 Baa3	P-2 (Prime-2) P-3/P-2 P-3 (Prime-3)	BBB+ BBB BBB-	A-2 A-3	BBB+ BBB BBB-	F2 F3/F2 F3
Speculative grade: Speculative	Ba1 Ba2 Ba3		BB+ BB BB-		BB+ BB BB-	
Speculative grade: Highly speculative	B1 B2 B3		B+ B B-	B	B+ B B-	B
Speculative grade: Very high risk	Caa1 Caa2 Caa3	Not Prime	CCC+ CCC CCC-		CCC	
Speculative grade: Very near to default	Ca		CC C C	C	CC C C	C
In default	C		SD/D	D	RD/D	RD/D

## Investment Products

The Trust can invest surplus funds in a mixture of interest-bearing accounts and money market facilities (where the capital is not placed at risk) including:

Overnight (instant access / easy access)

Notice accounts (typically from 30-days to 100+ days)

Fixed term deposits (typically from 1-month to 12-months)

There is no limit set by the policy of how much can be invested into instant access deposit accounts. The policy allows for the Trust to enter into 'sweeping' arrangements between the current account and instant access deposit accounts.



If a bank or building society authorised by the Financial Conduct Authority (FCA) is unable to pay back deposits held with it, the Financial Services Compensation Scheme (FSCS) can pay 100% of the first £85,000 of an eligible depositor claim, per authorised institution. The list of authorised institutions and those considered acceptable to use, is provided by the FCA.

### INVESTMENT DECISIONS

The Chief Finance Officer is responsible for producing reliable cash flow forecasts as a basis for decision making. The Chief Finance Officer must obtain permission from the Trust Accounting Officer prior to placing a deposit for investment or proposing a withdrawal in order to meet future working capital requirements.

### MONITORING AND REPORTING

Periodically (at least every 3 months) the Chief Finance Officer will review the interest rates being achieved and will compare with other investment opportunities that comply with the parameters of this policy.

The Chief Finance Officer will maintain an ongoing record of investment which will be readily available on demand to Trustees and Internal and External Audit.

The Chief Finance Officer will include a report on investment returns to the Trustees Finance, Audit and Risk Committee.

### **Review**

This policy will be reviewed annually.



## DETAILS OF AMENDMENTS

### February 2020

- Updated to include Roselands and Shiphay Learning Academy.
- Updated to include reference to Academies Financial Handbook 2019 requirements.

### July 2023

- Changed reference to Chief Finance Officer
- Updated reference to Academies Trust Handbook
- Treasury deposits updated to 32 days
- Financial Services Compensation Scheme updated to £85,000
- Changed to annual review

### July 2024

- No updates

### July 2025

- Updated reference to FCA
- Updated section on instant access deposit accounts, to reference 'sweeping' facility and limits.

### November 2025

- Section on responsibility added
- Guidelines section updated
  - New section for *counterparty risk*
  - Removed reference specific banks and amended to reflect credit ratings, under *counterparty restrictions*
  - Updated the types of products that can be held under *investment products*.
- New headings for Investment Decision and Monitoring and reporting, wording included within these were in previous version, but updated slightly



