

All Saints Schools Trust



ASST Investment Management Policy 2023-24

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Investment Management Policy

1. Introduction

Treasury Management is defined by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management in the Public Services as the management of the ASST's cash flows, banking, money market and capital market transactions; the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The objectives of treasury management are:

- To provide a means by which ASST can meet its commitments
- To ensure that sufficient sums are available at short or no notice to meet foreseeable requirements
- To earn an acceptable rate of return on surplus funds without undue risk
- To spread risk between differing types of investment and institutions

In doing so, Trustees must:

- Act within their Charity's power to invest
- 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/deposit 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

2. Responsibility

The Chief Executive Officer (CEO) as Accounting Officer and ASST Board have overall responsibility for the overall security and management of funds. The day to day management of the treasury function is controlled by the Chief Finance Officer (CFO).

The CFO will liaise with the CEO and ASST Finance & Audit Committee and Trust Board in relation to strategy and market conditions.

3. Borrowing of funds

ASST is not allowed to borrow without the permission of the Secretary of State. ASST does not currently envisage the need to borrow or operate an overdraft. Should this situation change the overdraft / borrowing will only be undertaken after approval of both the full ASST Trust Board and Secretary of State.

4. Investment of funds

A return on working capital should be optimised whilst ensuring easy access of the funds. In balancing risk against return ASST policy is clearly geared to avoiding risk rather than maximising income.

ASST will operate an interest bearing current account with a bank approved by the Trust Board and maintain a balance in that account that is sufficient to cover immediate and forthcoming financial commitments (payroll and payment runs) and sufficient contingency (cash buffer) for unexpected payments.

Monies surplus to the working requirements can be invested in an account in the name of ASST with the approved institutions authorised by the Trust Board. This may be a higher interest bearing account operated by the same bank that ASST operates its current account with, or an alternative approved institution.

ASST now has a reliable cash flow pattern and will only take out longer term investments while this remains; monies will only be paid into approved bank deposit accounts allowing access to funds within a term not exceeding **one year**.

5. Credit and Counterparty Risk

Credit risk will be minimised by ensuring that funds are spread across a range of institutions as appropriate. The limits of funds invested with approved institutions will be approved at least annually by the Trust Board and more frequently subject to market conditions.

The Bank of England (through the FCA) implemented changes to stress testing and capital requirements of UK FCA registered banks to ensure the stability of the UK banking system. As such, ASST can only make deposits with bank or building societies with a UK banking licence and regulated by the FCA.

6. Counterparty limits

For institutions with a good or better credit rating (also known as investment grade) i.e ratings above Baa3/P-3 (Moody's), BBB-/A-3 (S&P), BBB-/F3 (Fitch), implied rating of BBB- or better, ASST can deposit more than the FSCS compensation limit of £85,000 (plus accrued interest).

7. Cash flow forecasts

The CFO will ensure a rolling 12 month cash flow forecast is presented to the Finance and Audit Committee as part of the monthly financial reporting in order to highlight expected cash balances throughout the year that may be invested and give early warning of any need to seek approval to borrow.

8. Limits and authority

The Trust Board reserves the power to:

- Give prior approval to the opening of new bank current accounts
- Give prior approval to any bank deposit with a maturity date of greater than three months
- Give prior approval to any investment product other than a bank deposit

ASST Board delegates power to the CFO to place deposits in ASST's name, at approved institutions. No deposits will be placed by the CFO without prior authorisation by the CEO or other bank signatory subject to their relevant limits. Deposits will be confirmed in writing after the event.

Authorised cheque / bank transfer signatories of ASST are set out in the Academy Financial Regulations Policy. Any changes in the authorised signatories must be approved by the ASST Board.

9. Register of investments / deposits

The CFO will maintain a register of all investments / deposits held to present to the Finance & Audit Committee which will record:

- Institution with which the deposit was made
- Date deposit was placed
- Amount deposited
- Date of maturity
- Amount returned
- Interest earned
- Rate of interest obtained
- Authorisation for the transaction

10. Recording and monitoring

Bank balances and all investments / deposits will be reconciled and balanced to ASST's accounting records every month.

Cost of funds and requirement for funds will be monitored on an ongoing basis via the management accounts, in particular the 12 month rolling cash flow forecast.

11. Monitoring, evaluation and review

ASST will review this policy annually and assess its implementation and effectiveness.