



# THE PATHWAY ACADEMY TRUST

Registered address: c/o Culverstone Green Primary School,  
Wrotham Road, Meopham, Kent DA13 0RF

Registered Company N° 9782388

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# Investment Policy

<b>Date approved &amp; adopted by Directors:</b>	<b>18 April 2017</b>
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## 1. Purpose and Scope

The purpose of this investment policy is to set out the processes by which the Board of Directors of The Pathway Academy Trust (TPAT) will meet their duties under the trust's Articles of Association and the Academies Financial Handbook issued by the Education Funding Authority (EFA) to invest monies surplus to operation requirements and to ensure that the investment risk is properly and prudently managed.

## 2. Definition of Duties

The Directors act in accordance with the TPAT Articles of Association, which state the terms giving them the powers to deposit or invest any funds of the academy trust that are surplus to operational requirements and set out terms for delegating the management of investments.

Whilst the Board of Directors has responsibility for the trust's finances, the Scheme of Delegation approved by the Board of Directors delegates responsibility to the Trust Business Manager to:

- Approve the Investment Policy to manage, control and track financial exposure and ensure value for money
- Review the trust's investments and investment policy on a regular basis

The Board reserves the power to:

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

The Trust Business Manager is responsible for producing reliable cash flow forecasts as a basis for decision making. They are also responsible for making investment decisions that comply with this policy and for providing sufficient management information to the Board of Directors so it can review and monitor investment performance.

## 3. Principles

TPAT aims to manage its cash balances to provide for the day-to-day working capital requirements of each of its academies and the central trust fund, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, TPAT aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

The trust's aim is to spend the public monies with which we are entrusted for the direct educational benefit of pupils as soon as is prudent. 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.

## 4. Objectives

The objectives of this investment policy are to:

- Provide a means by which the trust can meet its commitments
- Ensure that sufficient sums are always available at short or no notice to meet foreseeable requirements
- Earn an acceptable rate of return on surplus funds without undue risk
- Spread risk between differing types of investment and institutions where appropriate

By complying with this policy, all investment decisions should be exercised with care and skill, and consequently be in the best interests of TPAT, commanding broad public support.

## 5. Investment Strategy

The trust will operate interest-bearing current accounts with a bank approved by the Board and maintain balances in those accounts that is sufficient to cover immediate and forthcoming financial commitments and sufficient contingency for unexpected payments.

Where the cash flows identify a base level of cash funds that will be surplus to operational requirements, these may be invested in interest-bearing accounts in the names of the academies in a UK-regulated bank. These may be higher interest-bearing accounts operated by the same bank that the trust operates its current accounts with, or alternative approved institutions.

Security of investment is paramount. Deposits will only be considered with banking institutions which have credit ratings assessed to show good credit quality. The Trust Business Manager will take external professional advice as needed to ensure timely amendments are brought to the Board should the assessed strength of these institutions be downgraded or should it be felt appropriate to include new institutions.

The Board has delegated responsibility to the Trust Business Manager to place deposits in the trust's name at any of these approved institutions up to a total value of £100,000 without prior approval from the board. All transactions must be completed in accordance with the trust's Finance Policy & Procedures Manual and notified to the Chair of the Finance and Audit Committee.

## 6. Spending and Liquidity

Regular cash flow statements and forecasts are to be prepared in advance of each academic year, then monitored and updated on a monthly basis by the Trust Business Manager to ensure that there are adequate liquid funds to meet all annual budget and spending plans, including any outstanding creditors that are due for payment. A twelve month rolling cash flow forecast will then be maintained.

Decisions on what to invest and how long to invest for will be based on these cash flow forecasts.

Sufficient balances must always be held in the current accounts so that the academies' and central trust fund's financial commitments can always be met without the bank accounts going overdrawn. The size of the balances will be determined by the forecasts of future need and kept under review.

Investment for a fixed term should not normally exceed one year in order to provide flexibility for the following year's plans, unless a clear rationale is provided for exceeding one year to the benefit of the trust and is approved by the Board. The trust will not take out any long-term investments until a reliable cash flow pattern has been established.

## **7. Monitoring and Review**

The trust has authorised signatories, two of which are required to sign instructions to the deposit-taking institution.

The Trust Business Manager will maintain a register of all investments and deposits held, 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

The Trust Business Manager will monitor the cash position and cash flow forecasts and report investments held and the performance of investments against objectives to the Board at appropriate intervals, depending on the terms of the investments.

Bank balances and all investments or deposits will be reconciled and balanced to the trust's accounting records every month.