



Diocese of Chelmsford Vine Schools Trust

# Investment Management Policy 2021-2022

**v2.0**

This policy is a mandatory policy for all Vine Schools and must be implemented with no amendments.

**“I am the vine; you are the branches.  
If you remain in me and I in you, you will bear much fruit”  
(John 15:5)**

# Investment Management Policy

The Vine Schools Trust	
Approved by:	The Vine Schools Trust
Signature:	Tim Rose (Chairman)
Date:	4 <sup>th</sup> February 2021

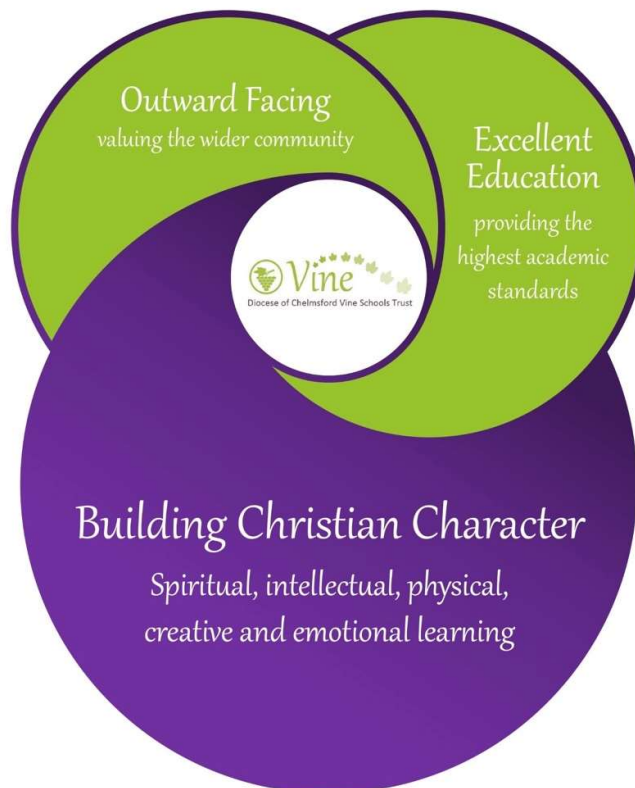
Policy Reference:	F005
Version No:	v2.0 – January 2021
Next review date:	Spring 2022



Diocese of Chelmsford Vine Schools Trust

## Vision & Values

- V** Valuing every person  
**I** Inspiring great teaching  
**N** Nurturing academic excellence and Christian Character  
**E** Excelling, unlocking great potential



### Key Change Log (v1.0 to v2.0)

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		Updated policy template

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## 1. Purpose and scope

- 1.1. The purpose of the Investment Management Policy is to set out the processes by which Academy trustees will meet their duties under the Academy's Articles of Association and Academies Financial Handbook issued by the ESFA to invest monies surplus to operational requirements in furtherance of the Academy's charitable aims and to ensure that investment risk is properly and prudently managed.

## 2. Definition of duties

- 2.1. The Trust Articles gives Trustees the power "to expend the funds of the Trust in such manner as they shall consider most beneficial for the achievement of the Objects and to invest in the name of the Trust such part of the funds as they may see fit and to direct the sale or transposition of any such investments and to expend the proceeds of any such sale in furtherance of the Objects."
- 2.2. Whilst the Board of Trustees (Governing Board) has responsibility for the Trust's finances, the Scheme of Delegation approved by the Board delegates responsibility to the Finance, Risk and Audit Committee to:
  - 2.2.1. Approve the Investment Management Policy
  - 2.2.2. Manage, control and track financial exposure
  - 2.2.3. Ensure value for money
  - 2.2.4. To review the Trusts investments and investment policy on a regular basis
- 2.3. The Finance Director is responsible for;
  - 2.3.1. ensuring reliable cash flow forecasts are produced as a basis for decision making.
  - 2.3.2. making investment decisions that comply with this Policy.
  - 2.3.3. providing sufficient management information to the Finance, Risk and Audit Committee so it can review and monitor investment performance.

## 3. Objectives

- 3.1. The Trust investment objectives are;
  - 3.1.1. To achieve best financial return available whilst ensuring that security of deposits takes precedence over revenue maximisation.
  - 3.1.2. Only invest funds surplus to operational need based on all financial commitments being met without the Trust's bank account(s) becoming overdrawn.
  - 3.1.3. By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Academy, commanding broad public support.

## 4. Investment Strategy

- 4.1. Investment risk will be managed through asset class selection and diversification to ensure that security of deposits takes precedence over revenue maximisation.
- 4.2. For selection, assets will only be considered with banking institutions which have credit ratings assessed by Fitch and/or Moody to show good credit quality.
- 4.3. To manage the risk of default, deposits should be spread by banking institution and be subject to a maximum exposure of £500,000 with any PRA authorised institution by the Bank of England (refer to Financial Conduct Authority (FCA)). Whilst this exceeds the protection limit of £75,000 provided by the FCA it is accepted that it is not always practicable to find a sufficient number of investments of this size that meet the prudent criteria outlined in this policy.

## 5. Spending and Liquidity Policy

- 5.1. Decisions on how much to invest and how long to invest for, will be based on operational requirements, demonstrated by cash flow forecasts produced by the Finance Director. The cash flow forecasts will take account of the annual budget and spending plans approved by the Directors and updated on a monthly basis.
- 5.2. A sufficient balance must be held in the current account so that the Trust and its schools' financial commitments can always be met without the bank account going overdrawn. The size of the balance will be determined by a forecast of future need and kept under review.
- 5.3. Investments 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 school or Trust.

## 6. Monitoring and Review

- 6.1. The Trust has authorised signatories, two Trust Approvers (TA) are required to sign instructions to the deposit taking institution in accordance with the Scheme of Financial Delegation.
- 6.2. The Finance Director will monitor the cash position and cash flow forecast and report investments held and the performance of investments against objectives to the Finance, Risk and Audit Committee at appropriate intervals, depending on the terms of the investments. For example, if investments are held one year then an annual report is appropriate.
- 6.3. This Investment Management Policy has been approved by the Finance, Risk and Audit Committee. It will be reviewed by the Finance, Risk and Audit Committee on an annual basis to ensure continuing appropriateness.