



# The Praxis Trust

## Investment Policy

History of document

Issue No.	Date	Received by Directors	Comments
<b>V1</b>	<b>03.07.17</b>	<b>03.07.17</b>	

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## **1. Aims**

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 Trust aims to invest surplus cash funds to optimise returns, but ensuring the investments are such that there is no risk to the loss of these cash funds and they are invested in easily accessible accounts.

The Trust does not consider the investment of surplus funds as a primary activity, rather it is the results of good stewardship as and when circumstances allow.

## **2. Objectives**

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

## **3. Implementation**

- a) Regularly monitor cash flow and current account balances to ensure immediate financial commitments can be met and that the current account has adequate balances at period end to meet the forthcoming month's commitments to the sum of one month's payroll and 1/12<sup>th</sup> expenditure (refer to Reserves Policy).
- b) When it is identified that there are funds surplus to the immediate cash requirements in the current account the Trust should consider transferring these funds to an account bearing a higher interest rate.
- c) Each Academy has ring-fenced reserves agreed by Directors' Board. If monies from reserves are invested any interest accrued will be allocated back to the individual Academy's reserves or re-invested.
- d) For interest accrued by monies invested outside of ring-fenced reserves; such as monies retained from top-slice which is allocated for shared services within the Trust, these will be returned to Trust Reserves or re-invested.
- e) The Trust does not have an overdraft facility on any bank accounts and accounts should not be allowed to go overdrawn.

- f) The Trusts current policy is to only invest funds in risk free and short term (1 to 3 months) accessible deposit accounts.
- g) Before monies are placed, sanction from Senior Executive Lead/Accounting Officer will be obtained by the Chief Finance Officer. Any documentation will be signed in accordance with the Bank signatory instructions, i.e. two signatures required. See appendix A for Investment Authorisation Form.
- h) Any investments must be recorded in sufficient detail to identify the investments and to enable the current market value to be calculated. The information to be recorded will normally be the date of purchase, the cost and a description of the investment.
- i) Investments may only be made in accordance with Trusts Investment Policy approved by the Directors' Board.
- j) Where practicable surplus funds to be invested in tranches in line with the Financial Services Compensation Scheme (FSCS) limit (see Bank section below)
- k) Consideration should be given to investing each tranche in a different authorised financial institution (see Bank section below)

#### **4. Banks**

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 current limit as detailed within <https://www.fscs.org.uk> of an eligible claim, per authorised institution. The list of authorised institutions and those considered acceptable to use, is provided by the FCA at the following address:

<https://www.fca.org.uk/firms/financial-services-register>

Periodically (at least once a term) 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.

#### **5. Review of Policy**

This policy will be reviewed by the Trust's Finance & Resources Committee annually or sooner if warranted by internal or external events or changes.



# The Praxis Trust

## Investment Authorisation

To: \_\_\_\_\_ Bank

Authorisation is given to invest the deposit listed below for a period  
from \_\_\_\_\_ to \_\_\_\_\_ at the rate agreed.

Deposit Amount - £

Investment Description -

Interest Rate -

\_\_\_\_\_  
Signatory 1

\_\_\_\_\_  
Signatory 2

Date \_\_\_\_\_