



INVESTMENT & RESERVES POLICY

Approved by Board of Trustees
7th December 2022

To be reviewed by Board of Trustees
September 2023

Last Approved by Board of Trustees:
• 5th July 2021

MATERIAL INVESTMENTS POLICY

With the potential growth and diversity of the Trust, Trustees recognise the need for a formal Investment Policy ratified by Trustees. Where cash flows identify a base level of cash funds that will be surplus to requirements, these funds may be invested, following approval from the Finance and Resources Committee and in line with this Policy to be approved by Trust Board. In making decisions regarding where and how any surplus funds should be invested, and the pursuit of optimum performance consistent with due regard given to risk.

The Trust's primary objectives for the investment of its surplus funds are to protect the principal sums invested from loss, and to ensure adequate liquidity so that funds are available for expenditure when needed. The generation of investment income to support the provisions of the Trust business, services and charitable objectives is an important, but secondary objective.

The Trust acknowledges that effective treasury management will provide support towards the achievement of its charitable objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of risk management.

The aim is to spend the public monies with which we are entrusted for the direct education benefit of our students as soon as is prudent. Invictus Education Trust does not consider the investment of surplus funds as a primary activity.

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 capital value of any cash funds invested.
- To protect the capital value of any invested funds against inflation.
- To optimise returns on invested funds.

Guidelines

Regular cash flow reports are to be prepared for each Trust school and monitored to ensure there are adequate liquid funds to meet all payroll related commitments and to pay creditors that are due for payment.

Where the cash flow report identifies a base level of cash funds that will be surplus to these requirements. These may be invested following approval from Invictus Education Trust Finance and Resources Committee on a recommendation from the Chief Finance Officer. Approval must be signed off and recorded in the Finance and Resources Committee minutes.

In making decisions regarding where and how any surplus funds should be invested, due regard will be given to risk.

Currently all General Annual Grant funds are invested with the existing banker, Barclays Bank, in an instant access deposit account. One account is set up for each school and Invictus HQ. Interest is received on a quarterly basis.

There are also four business premium accounts in existence which were opened in 2016 to credit the CIF grant funds for Crestwood school, Kinver High school, Leasowes High school and Wombourne High school; once the credit balance has been utilised the school's bank account will be closed.

Invictus Education Trust Finance and Resources Committee will receive a report at each meeting as to the performance of the investment, if applicable.

The aim is to reach an appropriate level of reserve to allow the Trust's Senior Leadership Team and the Finance and Resources Committee to explore alternative investment possibilities with the criteria for such investment being:

- Investment with a different counterparty (in order to reduce counterparty risk);
- Consideration of whether there should be a maximum level of investment with a single approved counterparty;
- A longer term investment with a higher return (but not high risk investments which are not in the best interests of the Trust).

Reserves Policy

The Trust's Reserve Policy, as outlined in the Trust's Annual Report and Financial Statements and shown below adheres to the legal requirement not to retain income reserves for an excessive period of time.

The Trust's Reserve Policy adheres to the legal requirement not to retain available reserves for an excessive period of time. Usually, restricted reserves derived from grant income would be excluded from the definition of reserves, since expenditure on such income is allocated for specific purposes.

However, the Trust needs to balance the potential volatility in pupil numbers, increasing inflation, the uncertainty of Government targeted and specific grant funding, the ongoing impact of the COVID 19 pandemic on pupil's education and the need to invest in its capital infrastructure to maintain a good state of repair against this policy. Therefore, its main consideration since 2018 has been to build up its reserves as a minimum to approximately 3% of annual income for such areas of unexpected expenditure and to ensure the ongoing financial security of the Trust.

The financial management processes across the Trust schools are now consistent and effective and at 31 August 2022, six of the Trust's Schools have reserves in excess of 3%. In respect of the remaining school, which joined the Trust in September 2021 with a historic deficit and a Requires Improvement Ofsted judgement, the Trust is working with the school Headteacher and Governing Body to address both concerns.

Once all schools have reached a sustainable 3% reserve level they must work towards 5% as a Trust standard and acceptable retained reserve. Any reserve in excess of this the Chief Executive Officer, Chief Finance Officer and School Headteacher would agree how the reserves are to be invested. This could be:

- for the betterment of the individual school infrastructure and students and will draw upon the priorities of the school as agreed with their School Governing Board; or
- a Trust wide project which will benefit all Trust schools' and the pupils.