Investment policy

AGORA LEARNING PARTNERSHIP

STATUS:	Non-Statutory
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APPROVED BY:	Board of Trustees
APPROVAL DATE:	May 2019

1 INTRODUCTION

1.1 The Agora Learning Partnership (the Trust) receives and pays out over £10m per year. This policy sets out the rules by which the Trust invests its funds and explains the Trust's approach to investments. The Board of Trustees is given the freedom to invest to further the Trust's charitable aims but must, however, ensure that investment risk is properly managed.

2 OBJECTIVES

2.1 The objectives of this policy are to ensure that the Trust:

- Maintains sufficient cash balances in its current account to meet its day to day commitments
- Invests surplus cash to earn an acceptable rate of return without undue risk
- Considers spreading risk between differing types of investment and institutions to reduce credit risk

3 LEGISLATION AND GUIDANCE

3.1 The Academies Financial Handbook (2.3.6) states that Trusts may invest to further the trust's charitable aims, but must ensure that investment risk is properly managed. When considering an investment the board must:

- act within its powers to invest as set out in its articles
- have an investment policy to manage and track its financial exposure, and ensure value for money
- exercise care and skill in investment decisions, taking advice as appropriate from a professional adviser
- ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation

- ensure that investment decisions are in the best interests of the Trust
- review the trust's investments and investment policy regularly

In addition paragraph 2.3.7 of the Academies Financial Handbook states that the board should follow the *Charity Commission's guidance: CC14 Charities and investment matters: A guide for trustees.* The ESFA's approval must be obtained for investment transactions that are novel, contentious and/or repercussive.

3.2 This policy is based on the Academies Financial Handbook and guidance from The Charity Commission. This policy also complies with the Trust's Funding Agreement and Articles of Association.

4 ROLES AND RESPONSIBILITIES

4.1 Whilst the Board of Trustees has responsibility for the Trust's finances, the Scheme of Delegation delegates responsibility for investment management to the Finance, Audit, Risk and Estates Committee (FARE Committee).

4.2 The CFO is responsible for:

- producing reliable cash flow forecasts as a basis for decision making
- the execution and administration of investment management decisions
- providing sufficient management information to the FARE Committee so it can review and monitor investment performance

5 INVESTMENT STRATEGY

5.1 The Trust regards a key objective of its investment management activities to be the security of the principal sums it invests.

5.2 Investments are restricted to treasury and deposit accounts with the Academy's bankers or alternative banking institutions which have credit ratings assessed by three agencies (Fitch, Moodys and Standard and Poor) to show good credit quality (Upper Medium Grade). See appendix A.

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 Trust.

5.4 Any transfers into accounts/deposits requiring more than 32 days' notice must be approved by the CEO and monitored by the FARE Committee.

5.5 A sufficient balance must be held in current accounts so that the Trust's financial commitments can always be met without the bank accounts going overdrawn. The size of the balance required in the current accounts will be determined by a forecast of future need and kept under review. However this should be at a minimum of £20,000 above the forecast lowest cash position.

6 INVESTMENT REPORTING

6.1 The CFO will monitor the cash position and cash flow forecast and report investments held and the performance of investments against objectives to the FARE Committee at appropriate intervals, depending on the terms of the investments. For example if investments are held for one year then an annual report is appropriate. Reporting will be undertaken annually as a minimum.

Appendix 1 – Credit ratings

Fitch	Moody's	S&P	
Long-term	Long-term	Long-term	rating description
AAA	Aaa	AAA	Prime
AA+ AA AA-	Aa1 Aa2 Aa3	AA+ AA AA-	High grade
A+ A A-	A1 A2 A3	A+ A A-	Upper medium grade
BBB+ BBB BBB-	Baa1 Baa2 Baa3	BBB+ BBB BBB-	Lower medium grade
BB+ BB BB-	Ba1 Ba2 Ba3	BB+ BB BB-	Non-investment grade speculative
B+ B B-	B1 B2 B3	B+ B B-	Highly speculative
	Caa1	CCC+	Substantial risks
	C112	CCC+	Extremely speculative
CCC	Caa3 CA	CCC- CC C	Default imminent with little prospect of recovery
DDD	C	D	In default

	Fitch	Moody's	S&P	
Lloyds Bank plc	A+	Aa3	A+	Upper medium grade
Santander Bank	A-	A2	A	Upper medium grade